

TOWN OF SURFSIDE, FLORIDA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT



DOWNTOWN SURFSIDE



FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

TOWN OF SURFSIDE, FLORIDA
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2019



Prepared by
Finance Department

TOWN OF SURFSIDE, FLORIDA

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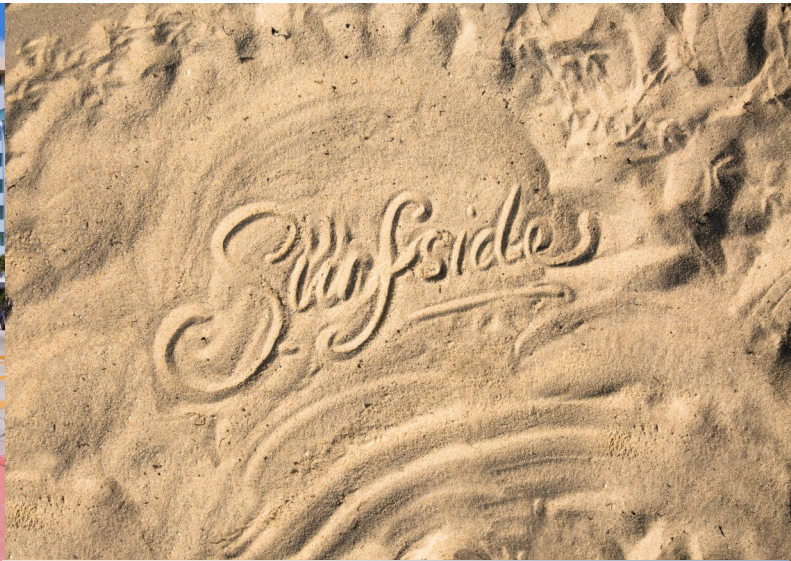
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INTRODUCTORY SECTION





June 29, 2020

To the Honorable Mayor and Vice Mayor, Town Commissioners, and the Citizens of the Town of Surfside, Florida:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of Surfside, Florida (the Town or Surfside), for the fiscal year ended September 30, 2019. In submitting the report, we have strived to achieve transparency and full-disclosure and give readers of these financial statements a thorough understanding of the Town's finances for the year and at the end of the year. This philosophy is reflected by the informative financial analysis provided by the Town's Finance Department and the exhibits and statistical tables included herein.

The CAFR's role is to assist in making economic, social and policy decisions and to assist in assessing accountability to the citizenry by:

- Comparing actual financial results with the legally adopted budget, where appropriate;
- Assessing financial condition and results of operations;
- Assisting in determining compliance with finance related laws, rules and regulations; and
- Assisting in evaluating the efficiency and effectiveness of Town operations.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Town. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly present the financial position and results of operations of the Town; and that all disclosures necessary to enable the reader to gain an understanding of the Town's financial activity have been included.

Marcum LLP, independent auditors, have issued unmodified opinions on the Town of Surfside's financial statements for the fiscal year ended September 30, 2019. The independent auditors' report is located at the front of the financial section of this report. The Town's financial statements have been prepared in conformity with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The Town's Management Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative



introduction, overview and analysis of the basic financial statements. The MD&A complements the letter of transmittal and should be read in conjunction with it.

ACCOUNTING AND INTERNAL CONTROLS

Management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- The cost of a control should not exceed the benefits likely to be derived; and
- The valuation of costs and benefits requires estimates and judgments by management.

PROFILE OF THE GOVERNMENT

The Town is a beautiful oceanfront community located in the tropical paradise of South Florida. The Town was incorporated in 1935 and is home to 5,802 residents. The Town of Surfside includes a tranquil, attractive, residential neighborhood, multi-family residences, a traditional "home town" business district and tourist facilities that welcome visitors year-round.

The Town is a Commission-Manager form of government. The Town is governed by a Mayor, Vice-Mayor, and three Town Commissioners, elected Town-wide to two-year terms. Collectively known as the Town Commission, they appoint a full-time Town Manager who is responsible for the administration of the Town's operations. The Town Commission establishes policy for the operation of the government, enacts ordinances for the safety, welfare, and orderly interaction of the citizens of the Town, adopts a millage rate and annual budget, appoints the Town Attorney, as well as members to various boards, agencies, and authorities within the Town, and engages an independent auditor.

SERVICES PROVIDED

The Town provides a full range of municipal services. These services include police, parks and recreation programs, tourism, public works, human resources, code compliance, finance, town clerk, town attorney, building, and planning and zoning. The Town also provides water and sewer, solid waste, and stormwater utility services, as well as municipal parking.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment. Surfside has maintained its strong financial position through prudent long-term financial planning, additional non ad-valorem revenue generation and fiscal actions to reduce or contain fixed costs.

The Town of Surfside enjoys a favorable commercial, residential and economic environment. Financial indicators point to increased growth. Recent high-end development added significantly

to the Town's tax base, reducing pressure on property taxes and providing a better mix of property within the Town. The increase in development has not put undue additional service pressure on the Town.

Surfside is a tourist destination point in southeast Florida. In fact, Surfside has one mile of pristine beach coastline in Miami-Dade County. Surfside is one square mile in size of residential homes, condominiums and a beautiful tree-lined business section. There is no industrial area in the Town. Thanks to the Town's low property tax millage rate, a Town-sponsored shuttle system, and an active community of involved citizens who take a genuine interest in the social, business, cultural and governing aspects of the Town, Surfside continues to flourish and be financially strong.

However, the impact of the coronavirus (COVID-19) will have an adverse effect on the global and local economy. Quarantines and travel restrictions around the world have forced businesses to face closures and curtailed operations. Florida's economy, which is driven in large part by tourism, has also been greatly affected by the closure of restaurants, hotels and beaches. At this time, it is difficult to quantify just how much it will directly impact the town in the coming fiscal year; as governments everywhere focus their efforts on containing the spread of the disease.

The Town Commission has adopted financial policies. Management has made every effort to comply with these policies and we believe that we are in compliance with the adopted policies. The Town Commission has adopted a Five-Year Financial Plan. This document forecasts the General Fund and several other fund operations for the next five (5) years and is used to guide the development of the annual operating budget.

The Town has also recognized the long-term financial cost implications of its pension plan and continues to fund 100% of the actuarially determined employer contribution. Accordingly, the pension plan's funded ratio is just below 90% as of its 10/1/2018 valuation, and we expect that to increase gradually over time. The Town continues to monitor its pension costs for sustainability and to provide cost containment so as not to shift the costs to future taxpayers.

The Capital Improvements Program (CIP) is prepared and presented to the Town Commission as part of the annual budget process. The projects represent the Town's plan for infrastructure improvement and major equipment acquisition for the next five years.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its CAFR for the fiscal year ended September 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. It is not, however, an endorsement of the financial condition of the Town.

submit it to GFOA to determine its eligibility for another certificate. The Town has also once again received the GFOA Distinguished Budget Presentation Award for its 2019 adopted budget document. The award is presented to even fewer municipalities. In 2018, the most recently completed cycle, only 750 municipalities, or 2.1%, were given the award.

ACKNOWLEDGEMENTS

The preparation of this CAFR would not have been possible without efforts of the Finance Department. The finance department staff consisting of Finance Director Jason Greene, Javier Collazo, Financial Reporting & Accounting Manager; Mayte Gamiotea, Revenue/Payroll Manager; Andria Meiri, Budget Officer; Manny Carta, Accountant; and Darlene Martinat, Payroll/Accounts Payable Specialist who are also to be especially thanked for their contributions to this report. The completion of the report, though delayed, was during a challenging time, coming on the heels of a complete software conversion. And, much like last year, the Town was still working with FEMA to close out Hurricane Irma claims. The amount of work and effort put forth by this team cannot be understated or over appreciated. We also wish to extend our appreciation to the auditing firm of Marcum LLP for their professionalism in conducting the audit of the Town's basic financial statements and related note disclosures and their assistance and efforts in helping the Town prepare its CAFR. Without their efforts, this report could not have been completed.

Finally, credit also must be given to the Town Commission for their unfailing support for maintaining the highest standards of professionalism and transparency in the management of the Town's finances.

Respectfully Submitted,



Guillermo Olmedillo
Town Manager



Jason D. Greene
Finance Director

TOWN OF SURFSIDE, FLORIDA

LISTING OF ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL

FISCAL YEAR ENDED SEPTEMBER 30, 2019

TOWN COMMISSION

Daniel Dietch, Mayor

Daniel Gielchinsky, Vice Mayor

Barry Cohen, Commissioner

Michael Karukin, Commissioner

Tina Paul, Commissioner

OFFICIALS

Guillermo Olmedillo, Town Manager

Duncan Tavares, Assistant Town Manager

Jason D. Greene, Finance Director

Julio Yero, Chief of Police

Sandra Novoa, Town Clerk

Weiss Serota Helman Cole & Bierman, P.L., Town Attorney

Tim Milian, Parks and Recreation Director

Randy Stokes, Public Works Director

Lindsay Fast, Tourism Director

Rosendo Prieto, Building Official

Alan Graham, Code Compliance Director

Sarah Sinatra Gould, AICP, Planning/Zoning Manager

Yamileth Slate-McCloud, Human Resource Director

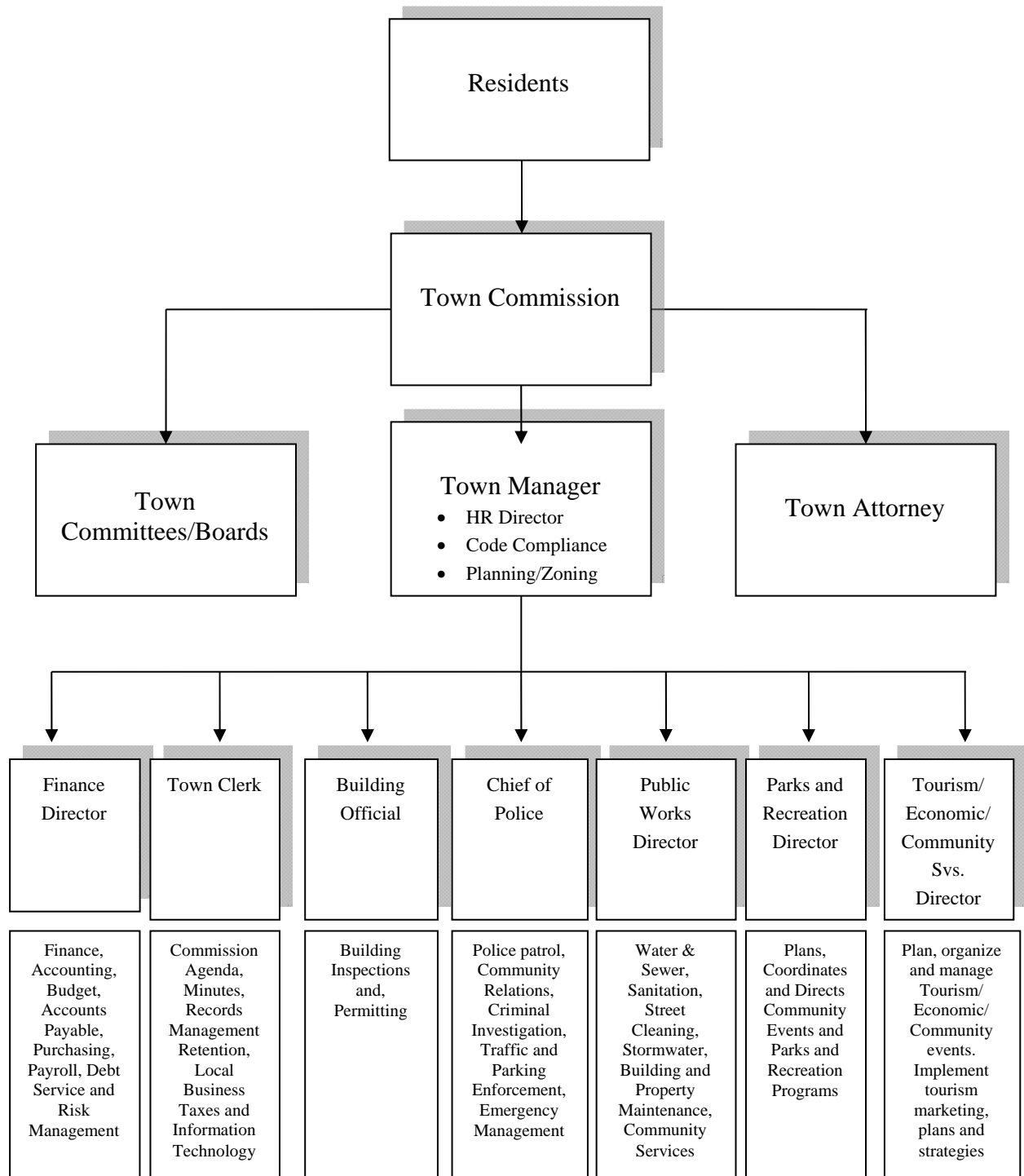
INDEPENDENT AUDITORS

Marcum LLP

TOWN OF SURFSIDE, FLORIDA

ORGANIZATION CHART

SEPTEMBER 30, 2019





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Surfside
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, Town Commission and Town Manager
Town of Surfside, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Surfside, Florida (the Town), as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances,

but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, the budgetary comparison information on pages 67 through 70, and the required supplementary information for the pensions and OPEB on pages 71 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory and statistical sections and the combining and individual fund statements and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2020 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Marcum LLP

Miami, FL
June 29, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

This section of the comprehensive annual financial report for the Town of Surfside (the Town), the Town's management is pleased to provide this narrative discussion and analysis of the financial activities of the Town for the fiscal year ended September 30, 2019. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

2019 FINANCIAL HIGHLIGHTS

- The Town's total assets plus deferred outflows exceeded its total liabilities plus deferred inflows of resources by \$50,278,984 (total net position) as of September 30, 2019.
- Total net position increased \$6,538,356 as compared to the previous fiscal year 2018. The total components are comprised of the following:
 - (1) Net Investment in Capital assets, net of accumulated depreciation and net of related debt, include property and equipment, net of accumulated depreciation, and amounts to \$24,569,291.
 - (2) Net position of \$4,772,450 is restricted by constraints imposed from outside the Town such as grantors, laws, or regulations.
 - (3) Unrestricted net position consists of \$20,937,243 that may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's governmental funds reported total ending fund balance of \$22,670,831 at September 30, 2019. This compares to the prior year total ending fund balance of \$16,717,120, showing an increase of \$5,953,711 during the current year. Unassigned fund balance is \$12,983,070 at September 30, 2019.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$12,983,070 or 109.9% of total General Fund expenditures. Financially, fiscal year 2019 was a positive year.
- Overall, the Town continues to maintain a strong financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town also includes in this report additional information to supplement the basic financial statements. Comparative data is presented to allow comparison to the prior fiscal year.

Government-wide Financial Statements

The Town's annual financial report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of net position presenting information that includes all the Town's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Evaluation of the overall health of the Town would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of the Town's infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Town's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town principally supported by taxes from business-type activities intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, leisure services and transportation. Business-type activities include water and sewer, municipal parking, sanitation and storm water utilities activities.

The government-wide financial statements are presented on pages 17 and 18 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of this report.

The Town has three types of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental funds balance sheet and the governmental funds operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 19 - 20 of this report and the governmental fund operating statement reconciliation is presented on page 21.

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The Town's proprietary funds are primarily classified as enterprise funds and also include one internal service fund. The enterprise funds essentially encompass the same function reported as business-type activities in the government-wide statements.

The basic proprietary fund financial statements are presented on pages 22 - 25 of this report.

The Town's *Fiduciary fund* is reported in the fiduciary fund financial statements but is excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund the Town's programs. The Town's fiduciary fund reports the Town's single employer pension plan balances and activities.

The basic fiduciary fund financial statements are presented on pages 26 and 27 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 28 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. A budgetary comparison schedule is included as "required supplementary information" for the General Fund, Building Fund and Tourism Fund. Budgetary comparison schedules for all other governmental funds can be found in the supplementary information section of this report. These schedules demonstrate compliance with the Town's adopted and final revised budget. In addition, some required trend information for the Town's pension trust fund and other post-employment benefits (OPEB) plan are presented in this section. Required supplementary information can be found on pages 67-73 of this report.

Supplementary Information

As discussed, the Town reports major funds in the basic financial statements. Combining and individual fund statements and schedules for nonmajor funds are presented in a supplementary information section of this report beginning on page 74.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's net position at fiscal year-end is \$50,278,984. The following table provides a summary of the Town's net position:

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current assets	\$ 24,429,204	\$ 18,342,187	\$ 7,064,516	\$ 5,871,546	\$ 31,493,720	\$ 24,213,733
Non-current assets						
Capital assets	14,787,514	15,095,787	23,942,427	25,058,872	38,729,941	40,154,659
Total assets	39,216,718	33,437,974	31,006,943	30,930,418	70,223,661	64,368,392
Deferred outflows of resources	1,226,373	1,459,408	170,822	201,207	1,397,195	1,660,615
Liabilities:						
Current liabilities	1,168,273	1,668,015	1,486,943	797,100	2,655,216	2,465,115
Long-term liabilities	2,891,926	3,136,720	14,633,691	15,779,841	17,525,617	18,916,561
Total liabilities	4,060,199	4,804,735	16,120,634	16,576,941	20,180,833	21,381,676
Deferred inflows of resources	673,219	434,443	487,820	472,360	1,161,039	906,803
Net position:						
Net investment in capital assets	14,786,057	15,092,876	9,783,234	9,767,869	24,569,291	24,860,745
Restricted	2,659,991	776,233	2,112,459	2,112,459	4,772,450	2,888,692
Unrestricted	18,263,625	13,789,195	2,673,618	2,201,996	20,937,243	15,991,191
Total net position	\$ 35,709,673	\$ 29,658,304	\$ 14,569,311	\$ 14,082,324	\$ 50,278,984	\$ 43,740,628

Over the last ten years, the total net position has increased \$25,572,308 or 103.5%.

The Town continues to maintain high current ratios. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 21 to 1 as compared to 11 to 1 at September 30, 2018. The current ratio for business-type activities is 5 to 1 as compared to 7 to 1 at September 30, 2018. Overall, the total current ratio at September 30, 2019 was 12 to 1 as compared to 10 to 1 at September 30, 2018.

The Town reported positive balances in net position for both governmental and business-type activities. During 2019, net position increased \$6,051,369 for governmental activities and increased \$486,987 for business-type activities. The Town's overall financial position improved during fiscal year 2019. The Town remains in a strong financial position.

Note that 37.7% of the governmental activities' total assets are tied up in capital assets. The Town uses these capital assets to provide services to its citizens. In addition, 77.2% of the business-type activities total assets are included in capital assets. These capital assets provide utility and parking services to the Town's citizens. The combine governmental activities with business-type activities invested in capital assets were 55.2% of total assets in fiscal year 2019, as presented in the government-wide statement of net position.

The following table provides a summary of the Town's changes in net position:

	Summary of Changes in Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program:						
Charges for services	\$ 2,903,344	\$ 3,976,474	\$ 7,843,013	\$ 7,794,422	\$ 10,746,357	\$ 11,770,896
Operating grants and contributions	238,019	268,780	-	-	238,019	268,780
Capital grants	-	471,250	-	-	-	471,250
General:						
Property taxes	12,966,520	9,626,611	-	-	12,966,520	9,626,611
Other taxes	5,321,260	3,461,268	-	-	5,321,260	3,461,268
Unrestricted intergovernmental	750,229	726,081	-	-	750,229	726,081
Unrestricted investment earnings	183,585	69,061	1,066	786	184,651	69,847
Miscellaneous	454,296	485,324	-	-	454,296	485,324
Total revenues	22,817,253	19,084,849	7,844,079	7,795,208	30,661,332	26,880,057
Program Expenses:						
General government	8,251,686	5,487,973	-	-	8,251,686	5,487,973
Public safety	6,300,753	5,803,057	-	-	6,300,753	5,803,057
Public works	1,740,922	1,842,003	-	-	1,740,922	1,842,003
Leisure services	527,338	2,115,577	-	-	527,338	2,115,577
Transportation	319,666	319,257	-	-	319,666	319,257
Interest	3	583	-	-	3	583
Water and sewer	-	-	3,549,765	3,528,213	3,549,765	3,528,213
Municipal parking	-	-	1,175,646	1,027,029	1,175,646	1,027,029
Sanitation	-	-	1,745,422	1,575,168	1,745,422	1,575,168
Stormwater utility	-	-	511,775	519,513	511,775	519,513
Total expenses	17,140,368	15,568,450	6,982,608	6,649,923	24,122,976	22,218,373
Changes in net position	5,676,885	3,516,399	861,471	1,145,285	6,538,356	4,661,684
Transfers	374,484	344,250	(374,484)	(344,250)	-	-
Changes in net position after transfers	6,051,369	3,860,649	486,987	801,035	6,538,356	4,661,684
Beginning net position	29,658,304	25,892,854	14,082,324	13,289,326	43,740,628	39,182,180
Prior period adjustment	-	(95,199)	-	(8,037)	-	(103,236)
Ending net position	\$ 35,709,673	\$ 29,658,304	\$ 14,569,311	\$ 14,082,324	\$ 50,278,984	\$ 43,740,628

Governmental Activities Revenues

The Town is heavily reliant on property taxes to support governmental operations. Property taxes provided 56.8% of the Town's total revenues in fiscal year 2019 as compared to 50.4% in fiscal year 2018. Other taxes, which includes resort, franchise, utility and communications taxes provided 23.3% of the Town's total revenues in fiscal year 2019 as compared to 18.1% in fiscal year 2018. At the government-wide financial reporting level, charges for services decreased \$1,048,399. This decrease was primarily due to the final building permit of approximately \$900 thousand being received in fiscal year 2018 due to the completion of major construction projects.

In fiscal year 2018 capital grants in the amount of \$471,250 in public works included the replacement of the Town's seawalls. There was none in fiscal year 2019.

Note that program revenues covered 18.3% of governmental operating expenses as compared to 30.3% in fiscal year 2018. This means that the government's taxpayers and the Town's other general revenues normally fund 81.7% of the governmental activities, primarily from property taxes, other taxes and unrestricted intergovernmental revenue. As a result, the general economy and the success of local businesses have a major impact on the Town's revenue streams.

Governmental Activities Expenses

The following table presents the cost of each of the Town's services, including the net costs (i.e., total cost less program revenues generated by the activities). The net costs illustrate the financial burden that is placed on the Town's taxpayers by each of these services.

	Total Cost of Services	Percentage of Total	Net Cost of Services	Percentage of Total
General government	\$ 8,251,686	48.1%	\$ 5,844,171	41.7%
Public safety	6,300,753	36.8%	6,096,927	43.6%
Public works	1,740,922	10.2%	1,740,922	12.4%
Leisure services	527,338	3.1%	222,695	1.6%
Transportation	319,666	1.9%	94,287	0.7%
Interest	3	0.0%	3	0.0%
Total	<u>\$ 17,140,368</u>	<u>100.0%</u>	<u>\$ 13,999,005</u>	<u>100.0%</u>

Business-type Activities

The Town reports four major enterprise funds.

Overall Analysis of Major Business-type Funds – Total operating revenues increased \$25,011 or less than 1%. Total operating expenses increased \$308,825 or 4.6%. In total, the operating income before transfers decreased \$283,814. The total increase in net position for all enterprise funds was \$486,987.

The operating income for each major enterprise fund was as follows for fiscal years 2019 and 2018:

	2019	2018	Increase (Decrease)
Water and sewer	\$ 708,802	\$ 1,042,717	\$ (333,915)
Municipal parking	221,640	154,394	67,246
Sanitation	119,862	246,347	(126,485)
Stormwater	300,087	246,670	53,417
Total	<u>\$ 1,350,391</u>	<u>\$ 1,690,128</u>	<u>\$ (339,737)</u>

The following includes an analysis of the fiscal year 2019 financial activities for each enterprise fund.

Water and Sewer Fund - The total assets remained constant at \$20.9 million in the current fiscal year. However, there was an increase of cash of \$898 thousand that was offset by a decrease in the net book value of capital assets due to depreciation expense of \$790 thousand for the current fiscal year. Total liabilities decreased by \$518 thousand primarily due to a reduction of the debt principal outstanding in fiscal year 2019 of \$870 thousand and an increase in customer deposits of \$365 thousand.

Operating revenues decreased \$272,323 or 6.5% in the current fiscal year. Total operating expenses increased \$61,592 or just 1.9%. Personal services increased \$40,471 or 13.4%; however, this increase was offset by a reduction of administrative expenses of \$38,909 or 23.8%. During the current fiscal year Miami Dade County proposed a decrease in wholesale water rates of 3.89% and no rate adjustment to wastewater rates. Actual water system costs decreased during the current fiscal year \$61,592 or 2% from fiscal year 2018 and sewer system costs increased \$129,929 or 11%. However, during fiscal year 2019 there was a modest consumption increase for water and sewer compared to the prior fiscal year.

Net position increased \$238,262 in fiscal year 2019, resulting in an ending net position of \$7,260,980.

Municipal Parking Fund – Total assets increased \$136,524 or 3.6%. There was a reduction in the net book value of capital assets due to depreciation expense of \$136,382 for the current fiscal year.

Operating revenues increased by \$215,863 or 18.3% and operating expenses increased by \$148,617 or 14.5%. In total, operating income increased \$221,640 in fiscal year 2019. Net position increased \$119,251 in fiscal year 2019, resulting in an ending net position of \$3,427,067.

Sanitation Fund - The total assets increased \$18,986 or 1.5%. The cost of capital assets remained unchanged in the current fiscal year from that of the previous fiscal year. Total liabilities increased by \$7,100 or 2.4%. Operating revenues were \$43,769, or just 2.4% above fiscal year 2018. Administrative costs increased \$96,080 or 43.9% largely due to a contribution to the vehicle maintenance fund for future vehicle replacement. Personnel costs increased \$67,973 or 8.5% because of the full effect of a maintenance worker II position was added and a customer service representative position was filled by a temporary person in latter half of fiscal year 2018.

Total operating expenses increased \$170,253 or 10.8%. Operating income decreased \$126,485 or 51.3% due to an increase in operating expenses as previously stated. Net position decreased \$19,127 in fiscal year 2019, resulting in an ending net position of \$1,047,110.

Stormwater Fund - The total assets decreased \$13,954. Cash and cash equivalent decreased \$51,382. Net capital assets decreased \$130,606 from fiscal year 2018 due to current year asset depreciation. Total liabilities decreased \$296,704 primarily due to long-term debt service payments of \$293,160.

The operating revenues increased \$53,417 from fiscal year 2018 and operating expenses increased \$7,865.

As a result, operating income was \$246,670 or 40.5% above fiscal year 2018. Net position increased \$148,601 in fiscal year 2019, resulting in ending net position of \$2,834,154.

FUND ANALYSIS

Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$22,670,831 compared to \$16,717,120 at September 30, 2018.

The total governmental revenues and transfers-in exceeded expenditures and transfers-out by \$5,953,711. The general fund's revenues and transfers-in exceeded its expenditures and transfers-out by \$3,965,692. The building fund's expenditures and transfers-out exceeded its revenues by \$197,156. The capital projects fund's revenues and transfers-in exceeded its expenditures and transfers-out by \$889,680. The tourism fund's revenues exceeded its expenditures and transfers-out by \$1,284,212.

Governmental funds report total fund balance of \$22,630,831. Of this year-end total, \$2,074,627 is restricted to various ongoing programs. \$2 million is assigned in the General Fund for emergencies and hurricanes since we are a coastal community subject to hurricane risk, \$2,563,517 is assigned for Building Projects Fund and \$3,048,582 is assigned in the Capital Projects Fund for future capital projects. \$1,035 is considered non-spendable and \$12,983,070 is unassigned and available for future appropriation within the General Fund.

The total ending fund balances of governmental funds shows an increase of \$5,953,711 or 39.6% over the prior year.

Major Governmental Funds

The Town reports four major governmental funds, the General Fund, the Building Fund, Capital Projects Fund and the Tourism Fund.

General Fund - The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. The General Fund's total fund balance increased \$3,965,692 or 66.4%. The ending unassigned fund balance is considered adequate, representing the equivalent of 110% of annual expenditures, excluding inter-fund transfers-out. This compares to 89% at September 30, 2018.

Property taxes increased \$3,339,909 or 35% due to an increase in the taxable value of real and personal property in fiscal year 2019.

Interest earnings increased \$112,941 or 175% due to a reallocation of idle cash transferred to the Town's Florida State Board of Administration account, an investment pool that offers municipalities government level liquidity management and conservative investment policies, in accordance with Florida Statute 218.4 "Investment of Local Government Surplus Funds Act".

Fines and forfeitures decreased \$133,040 or 41% below the prior year due to the termination of the red-light camera violations. All other revenue streams were consistent with the 2018 amounts.

Total General Fund expenditures decreased \$441,557 or 3.6% below fiscal year 2018 level. Although most changes are not significant, some of these changes, by department, from fiscal year 2018 are described below.

Parks and recreation costs were \$1,473,519 or 13.7% below the fiscal year 2018 amount. In fiscal year 2018 portions of the Resort Tax revenues and the corresponding expenditures were recorded in the General Fund; however, in fiscal year 2019 they were reclassified to the special revenue Tourism Fund to account exclusively for this source of revenue.

Public works costs decreased \$234,898 or 16.6% due to approximately \$110 thousand decrease in professional services for engineering services, decrease in water and sewer utility fees of approximately \$50 thousand due to a reallocation of utility fees to other departments and decrease of approximately \$50 thousand to health insurance costs due to changes of health insurance elections.

Capital Projects Fund - This fund reported any revenue from any outside source; however, there were Inter-Fund transfers-in totaling \$1,228,000 primarily from the General Fund totaling \$1,108,000 for future projects outlined in the five-year Capital Improvement Plan. This fund spent \$244,013 on capital projects in fiscal year 2019. At September 30, 2019, this fund reported \$3,107,653 in cash and investments and an ending fund balance of \$3,048,582.

Building Fund – The Town established this fund in fiscal year 2017 to segregate and restrict the uses of the monies received and spent as required by Florida Statute. This fund reported licenses and permits fees totaling \$1,036,934 and spent \$1,120,000 with an ending fund balance of \$2,563,517.

Tourism Fund – This special revenue fund is funded almost entirely from Resort Taxes. Total revenues from these taxes increased \$2,843,482 or 268%, and total expenditures in this fund increased \$1,510,017 or 150.9%. These variances are due to a reclassification of Resort Taxes revenues and the corresponding expenditures reclassified into the Tourism Fund; prior to fiscal year 2019 it was recorded in the General Fund. Taking in consideration total revenues and expenditures from Resort Taxes and comparing it between fiscal year 2018 and current fiscal year 2019; total revenues increased \$789,341 or 25.4% as the result of a full year of operation of the Four Seasons at the Surf Club, which was added to the tax rolls in the latter part of fiscal year 2018. Total expenditures increased approximately \$40 thousand or 1.6%.

Fleet Maintenance Fund – This internal service fund was created in fiscal year 2019 to account for the purchase, operation and maintenance of the town's vehicles; thereby, establishing a funding method for vehicle replacement and operating cost allocation to the Town's departments. Revenues for the fund are generated from fleet charges to the Town's departments for cost recovery of proportional share of fuel, operating and fleet replacement cost. Operating revenues and expenses for fiscal year 2019 were \$1.24 million and \$423 thousand, respectively. Ending net position in fiscal year 2019 was \$814 thousand of which \$585 thousand are restricted for renewal and replacement of future vehicle purchases.

Proprietary Funds

Proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The business-type activities analysis above discusses the Town's enterprise funds and internal service fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund's final budget remained unchanged in fiscal year 2019; below are the major variances between budget and actual.

Revenue – Property taxes were \$226,218 or 1.7% below budget and utility taxes were \$47,734 or 7.5% higher than budget.

Interest earnings were \$139,564 or 300.7% higher than budgeted. This increase was due to a reallocation of idle cash transferred to the Town's Florida State Board of Administration account, an investment pool that offers municipalities government level liquidity management and conservative investment policies.

Miscellaneous revenues were \$160,305 or 59% higher than budget due to an increase in collections of extra-duty fees in the Police Department. Extra-duty fees relate to off-duty police officers hired by local businesses and organizations to assist with security or traffic control for construction, civic events or other special events.

In total, actual revenues were above budget by \$264,936 or 1.6% in fiscal year 2019.

Expenditures - The Finance and IT expenditures were lower than budget by \$132,182 or 11% primarily due to a reduction in personnel expenses and lower expenses in professional services for IT services in fiscal 2019.

Expenditures in public safety were lower by \$309,463 or 5% due to lower personnel expenses \$149 thousand as a result of employee attrition; and lower expenses in expenditure of machinery and equipment of approximately \$131 thousand during the fiscal year.

The public works expenditures were lower than the budget by \$316,763 or 20%. This was due to a reduction in usage of water and sewer gallonage and lower expenditures in different repair and maintenance accounts, including in the building and landscaping accounts.

In total, actual expenditures were \$1,172,939 or 9% below total budget in fiscal year 2019.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of September 30, 2019, was \$14,787,514 and \$23,942,427, respectively. The change in this net investment was 3.6% decrease for governmental activities and 3.5% decrease for business-type activities. See Note 6 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year.

The following table provides a summary of capital asset activity:

	Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Non-depreciable assets:						
Land	\$ 1,461,229	\$ 1,461,229	\$ 1,358,011	\$ 1,358,011	\$ 2,819,240	\$ 2,819,240
Construction in progress	29,621	12,480	-	-	29,621	12,480
Total non-depreciable	<u>1,490,850</u>	<u>1,473,709</u>	<u>1,358,011</u>	<u>1,358,011</u>	<u>2,848,861</u>	<u>2,831,720</u>
Depreciable assets:						
Buildings	11,276,108	11,188,329	-	-	11,276,108	11,188,329
Machinery, equipment and furniture	3,494,257	3,200,788	1,773,461	1,807,561	5,267,718	5,008,349
Infrastructure	6,410,734	6,444,834	29,228,018	29,193,917	35,638,752	35,638,751
Total depreciable assets	<u>21,181,099</u>	<u>20,833,951</u>	<u>31,001,479</u>	<u>31,001,478</u>	<u>52,182,578</u>	<u>51,835,429</u>
Less accumulated depreciation	<u>7,884,435</u>	<u>7,214,873</u>	<u>8,417,063</u>	<u>7,300,618</u>	<u>16,301,498</u>	<u>14,515,491</u>
Book value - depreciable assets	<u>13,296,664</u>	<u>13,619,078</u>	<u>22,584,416</u>	<u>23,700,860</u>	<u>35,881,080</u>	<u>37,319,938</u>
Percentage depreciated	<u>37%</u>	<u>35%</u>	<u>27%</u>	<u>24%</u>	<u>31%</u>	<u>28%</u>
Total net capital assets	<u>\$ 14,787,514</u>	<u>\$ 15,092,787</u>	<u>\$ 23,942,427</u>	<u>\$ 25,058,871</u>	<u>\$ 38,729,941</u>	<u>\$ 40,151,658</u>

At September 30, 2019, the depreciable capital assets for governmental activities were 38% depreciated. This compares to the 35% at September 30, 2018. With the Town's business-type activities, 27% of the asset values were depreciated at September 30, 2019, compared to 24% at September 30, 2018. These percentages for governmental activities indicate that the Town is replacing their capital assets at the same rate as they are being depreciated, which is a positive financial indicator.

Governmental Activities Capital Assets

Additions to building were due primarily to the replacement of the town hall generator totaling approximately \$70 thousand.

Although there was a decrease in equipment of less than \$2 thousand; it was the net effect of additions due to various purchases throughout the year as listed below; and disposal of various town vehicles that were fully depreciated and sold at auction with a book value of approximately \$212 thousand.

- \$47,444 – access control and card reader system
- \$113,248 – audio, close caption and computer upgrades to network
- \$29,913 - purchase of new vehicle
- \$18,144 – fence enclosure and radar speed trailer for Police Department

Business-type Activities Capital Assets

During fiscal year 2019 there were no additions to capital assets.

Debt

The following table reports long-term debt balances at September 30, 2019 and 2018:

	Outstanding Long-term Debt					
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenue bonds	\$ -	\$ -	\$ 7,292,575	\$ 7,981,115	\$ 7,292,575	\$ 7,981,115
Capital leases	1,454	2,911	-	-	1,454	2,911
State revolving loan	-	-	6,866,618	7,309,888	6,866,618	7,309,888
Compensated absences	467,094	400,366	142,361	117,969	609,455	518,335
Total	\$ 468,548	\$ 403,277	\$ 14,301,554	\$ 15,408,972	\$ 14,770,102	\$ 15,812,249

See Note 7 for additional information about the Town's long-term debt.

A SUMMARY OF THE ECONOMIC CONDITIONS AFFECTING THE TOWN

South Florida continues to be a much sought after international and national destination for vacationers and others who want to maintain a second home. Municipalities like the Town of Surfside rely primarily on property and other taxes (utility taxes, franchise fees and local business taxes) for their operation. Consequently, economic growth in the local economy may be measured by a variety of indicators such as employment growth, unemployment rate and assessed property values. Net assessed value of real and personal property within the County increased by 6.4% during the current fiscal year.

However, the impact of the coronavirus (COVID-19) will have an adverse effect on the global and local economy. Quarantines and travel restrictions around the world have force businesses to face closures and curtailed operations. Florida's economy, which is driven in large part by tourism, has also been greatly affected by the closure of restaurants, hotels and beaches. At this time, it is difficult to quantify just how much it will directly impact the Town in the coming fiscal year; as governments everywhere focus their efforts on containment of the disease.

Before the out-break of the coronavirus pandemic, the economic outlook and prospects for the Town continued to show a positive trajectory as the Town benefited from a stable and diverse revenue stream and efficiently managed service culture. Therefore, long-term planning will become even more critical, but also more challenging during periods of economic uncertainty. It will also be difficult to foresee how long this economic downturn will last and the extent to which it will impact the financial conditions of the Town.

The Town is concerned with rising sea levels. These changes in sea levels pose an increasing risk and concern to our barrier island. In addition to beach shoreline concerns, seawalls may need to be reconstructed to new levels and stormwater systems may need to be reconfigured to reduce or prevent flooding. These effects could have a considerable financial impact on the Town and its property owners. Additionally, demand for property that would be adversely affected by rising sea levels may be reduced, affecting the Town's tax base. These remain unquantified but genuine concerns to consider in the near future.

In fiscal year 2020, the operating millage rate was reduced from 4.5000 mills to 4.4000 mills or 2.2%. Fiscal year 2020 was the fourth consecutive year the Town's millage rate was decreased. The fiscal

year 2020 property tax revenue budget is \$13.02 million. This budget is based on an assessed taxable valuation of \$3.116 billion; an increase of \$30.6 million over the prior 2019 fiscal year.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Town's Finance Director, Town of Surfside, 9293 Harding Avenue, Surfside, FL 33154.

FINANCIAL STATEMENTS

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

	Governmental Activities	Business- type Activities	Total
Assets			
Cash	\$ 4,029,865	\$ 790,639	\$ 4,820,504
Investments	19,213,877	4,521,993	23,735,870
Receivables, net	589,022	2,347,289	2,936,311
Internal balances	595,405	(595,405)	--
Prepaid items	1,035	--	1,035
Capital assets not being depreciated	1,490,850	1,358,011	2,848,861
Capital assets being depreciated, net	13,296,664	22,584,416	35,881,080
Total Assets	<u>39,216,718</u>	<u>31,006,943</u>	<u>70,223,661</u>
Deferred Outflows of Resources			
Pension	1,215,462	169,050	1,384,512
OPEB	10,911	1,772	12,683
Total Deferred Outflows of Resources	<u>1,226,373</u>	<u>170,822</u>	<u>1,397,195</u>
Liabilities			
Accounts payable	391,639	278,467	670,106
Accrued liabilities	361,052	37,500	398,552
Interest payable	--	171,224	171,224
Unearned revenue	--	4,492	4,492
Customer deposits	415,582	995,260	1,410,842
Noncurrent liabilities:			
Due within one year	41,965	1,186,872	1,228,837
Due in more than one year	426,583	13,114,681	13,541,264
Net pension liability	1,895,128	263,205	2,158,333
Total OPEB liability	528,250	68,933	597,183
Total Liabilities	<u>4,060,199</u>	<u>16,120,634</u>	<u>20,180,833</u>
Deferred Inflows of Resources			
Pension	622,842	69,015	691,857
OPEB	50,377	13,797	64,174
Parking Trust	--	405,008	405,008
Total Deferred Inflows of Resources	<u>673,219</u>	<u>487,820</u>	<u>1,161,039</u>
Net Position			
Net investment in capital assets	14,786,057	9,783,234	24,569,291
Restricted for:			
Tourism	1,640,525	--	1,640,525
Transportation	328,377	--	328,377
Police forfeiture	105,725	--	105,725
Renewal and replacement	585,364	1,788,459	2,373,823
Loan reserve	--	324,000	324,000
Unrestricted	18,263,625	2,673,618	20,937,243
Total Net Position	<u>\$ 35,709,673</u>	<u>\$ 14,569,311</u>	<u>\$ 50,278,984</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	
Governmental Activities							
General government	\$ 8,165,170	\$ 2,407,516	\$ --	\$ --	\$ (5,757,654)	\$ --	\$ (5,757,654)
Public safety	6,300,753	191,186	12,640	--	(6,096,927)	--	(6,096,927)
Public works	1,740,922	--	--	--	(1,740,922)	--	(1,740,922)
Leisure services	613,854	304,642	--	--	(309,212)	--	(309,212)
Transportation	319,666	--	225,379	--	(94,287)	--	(94,287)
Interest on long-term debt	3	--	--	--	(3)	--	(3)
Total Governmental Activities	<u>17,140,368</u>	<u>2,903,344</u>	<u>238,019</u>	<u>--</u>	<u>(13,999,005)</u>	<u>--</u>	<u>(13,999,005)</u>
Business-type Activities							
Water and sewer	3,549,765	3,889,350	--	--	--	339,585	339,585
Municipal parking	1,175,646	1,397,286	--	--	--	221,640	221,640
Sanitation	1,745,422	1,865,284	--	--	--	119,862	119,862
Stormwater utility	511,775	691,093	--	--	--	179,318	179,318
Total Business-type Activities	<u>6,982,608</u>	<u>7,843,013</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>860,405</u>	<u>860,405</u>
Total	<u>\$ 24,122,976</u>	<u>\$ 10,746,357</u>	<u>\$ 238,019</u>	<u>\$ --</u>	<u>(13,999,005)</u>	<u>860,405</u>	<u>(13,138,600)</u>
General Revenues							
Taxes							
Property taxes					12,966,520	--	12,966,520
Resort taxes					3,901,559	--	3,901,559
Franchise fees based on gross receipts					521,209	--	521,209
Utility taxes					687,734	--	687,734
Communications services tax					210,758	--	210,758
Unrestricted intergovernmental revenues					750,229	--	750,229
Unrestricted investment earnings					183,585	1,066	184,651
Miscellaneous revenues					454,296	--	454,296
Transfers					374,484	(374,484)	--
Total General Revenues and Transfers					<u>20,050,374</u>	<u>(373,418)</u>	<u>19,676,956</u>
Change in Net Position					6,051,369	486,987	6,538,356
Net Position - Beginning					29,658,304	14,082,324	43,740,628
Net Position - Ending					<u>\$ 35,709,673</u>	<u>\$ 14,569,311</u>	<u>\$ 50,278,984</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2019

	General	Building	Capital Projects	Tourism	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash	\$ 2,205,068	\$ 402,123	\$ 440,012	\$ 235,336	\$ 665,666	\$ 3,948,205
Investments	12,147,686	2,227,857	2,667,641	1,266,361	388,407	18,697,952
Receivables, net	344,739	--	--	203,256	41,027	589,022
Due from other funds	1,214,526	--	--	--	--	1,214,526
Prepaid items	1,035	--	--	--	--	1,035
Total Assets	\$ 15,913,054	\$ 2,629,980	\$ 3,107,653	\$ 1,704,953	\$ 1,095,100	\$ 24,450,740
Liabilities						
Accounts payable	\$ 232,648	\$ 7,632	\$ 59,071	\$ 44,044	\$ 41,877	\$ 385,272
Accrued liabilities	320,719	18,831	--	20,384	--	359,934
Due to other funds	--	--	--	--	619,121	619,121
Customer deposits	375,582	40,000	--	--	--	415,582
Total Liabilities	928,949	66,463	59,071	64,428	660,998	1,779,909
Fund Balances						
Non-spendable:						
Prepaid items	1,035	--	--	--	--	1,035
Restricted for:						
Tourism	--	--	--	1,640,525	--	1,640,525
Transportation surtax	--	--	--	--	328,377	328,377
Police forfeiture	--	--	--	--	105,725	105,725
Assigned for:						
Hurricanes and emergencies	2,000,000	--	--	--	--	2,000,000
Capital projects	--	--	3,048,582	--	--	3,048,582
Building projects	--	2,563,517	--	--	--	2,563,517
Unassigned	12,983,070	--	--	--	--	12,983,070
Total Fund Balances	14,984,105	2,563,517	3,048,582	1,640,525	434,102	22,670,831
Total Liabilities and Fund Balances	\$ 15,913,054	\$ 2,629,980	\$ 3,107,653	\$ 1,704,953	\$ 1,095,100	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	14,558,504
Deferred outflows of resources related to pensions/OPEB are recorded in the statement of net position	1,226,373
Deferred inflows of resources related to pensions/OPEB are recorded in the statement of net position	(673,219)
The assets and liabilities of the internal service funds are included in governmental activities in the statements of net position	814,374
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	(462,358)
Capital lease	(1,454)
Net pension liability	(1,895,128)
Total OPEB liability	(528,250)

Net Position of Governmental Activities

\$ 35,709,673

The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	General	Building	Capital Projects	Tourism	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 12,966,520	\$ --	\$ --	\$ --	\$ --	\$ 12,966,520
Resort taxes	--	--	--	3,901,559	--	3,901,559
Utility taxes	687,734	--	--	--	--	687,734
Communications services tax	210,758	--	--	--	--	210,758
Franchise fees	521,209	--	--	--	--	521,209
Licenses and permits	133,526	1,036,934	--	--	--	1,170,460
Intergovernmental	750,229	--	--	--	225,379	975,608
Charges for services	304,642	--	--	--	--	304,642
Fines and forfeitures	191,186	--	--	--	12,640	203,826
Interest earnings	177,564	--	5,693	--	328	183,585
Miscellaneous	431,905	8,777	--	13,614	--	454,296
Total Revenues	<u>16,375,273</u>	<u>1,045,711</u>	<u>5,693</u>	<u>3,915,173</u>	<u>238,347</u>	<u>21,580,197</u>
Expenditures						
Current:						
General government	3,844,197	1,120,000	--	2,490,045	--	7,454,242
Public safety	6,062,578	--	--	--	66,770	6,129,348
Public works	1,269,558	--	--	--	--	1,269,558
Leisure services	541,341	--	--	--	--	541,341
Transportation	--	--	--	--	248,731	248,731
Capital outlay	91,361	--	244,013	20,916	--	356,290
Debt service:						
Principal	1,457	--	--	--	--	1,457
Interest and fiscal charges	3	--	--	--	--	3
Total Expenditures	<u>11,810,495</u>	<u>1,120,000</u>	<u>244,013</u>	<u>2,510,961</u>	<u>315,501</u>	<u>16,000,970</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,564,778</u>	<u>(74,289)</u>	<u>(238,320)</u>	<u>1,404,212</u>	<u>(77,154)</u>	<u>5,579,227</u>
Other Financing Sources (Uses)						
Transfers in	508,914	--	1,228,000	--	100,000	1,836,914
Transfers out	(1,108,000)	(122,867)	(100,000)	(120,000)	(11,563)	(1,462,430)
Total Other Financing Sources (Uses)	<u>(599,086)</u>	<u>(122,867)</u>	<u>1,128,000</u>	<u>(120,000)</u>	<u>88,437</u>	<u>374,484</u>
Net Change in Fund Balances	3,965,692	(197,156)	889,680	1,284,212	11,283	5,953,711
Fund Balances - Beginning	<u>11,018,413</u>	<u>2,760,673</u>	<u>2,158,902</u>	<u>356,313</u>	<u>422,819</u>	<u>16,717,120</u>
Fund Balances - Ending	<u>\$ 14,984,105</u>	<u>\$ 2,563,517</u>	<u>\$ 3,048,582</u>	<u>\$ 1,640,525</u>	<u>\$ 434,102</u>	<u>\$ 22,670,831</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 5,953,711
--	--------------

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

The details of the difference are as follows:

Capital outlay	\$ 338,665	
Depreciation	(875,948)	
Net adjustment		(537,283)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

This detail of the difference is as follows:

Payment of principal on capital lease	1,457
---------------------------------------	-------

The change in net position of the internal service fund activities are reported with governmental activities	814,374
--	---------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

The detail of the difference is as follows:

Compensated absences	(61,992)	
Deferred outflows	(240,244)	
Deferred inflows	(234,824)	
Net pension liability	394,853	
Total OPEB liability	(38,684)	
Net adjustment		(180,891)

Change in net position of governmental activities	<u>\$ 6,051,369</u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Totals	Internal Service Fund Fleet Management
Assets						
Current Assets						
Cash	\$ 170,654	\$ 196,941	\$ 68,470	\$ 354,574	\$ 790,639	\$ 81,660
Investments	957,422	1,125,654	445,571	1,993,346	4,521,993	515,925
Receivables, net	1,353,131	428,508	393,511	172,139	2,347,289	--
Due from other funds	--	--	--	1,096,671	1,096,671	--
Total Current Assets	<u>2,481,207</u>	<u>1,751,103</u>	<u>907,552</u>	<u>3,616,730</u>	<u>8,756,592</u>	<u>597,585</u>
Noncurrent Assets						
Capital Assets						
Land	--	1,358,011	--	--	1,358,011	--
Infrastructure	24,197,722	1,447,361	--	3,582,935	29,228,018	--
Vehicles	--	--	--	--	--	260,454
Equipment	292,370	747,792	733,299	--	1,773,461	--
	24,490,092	3,553,164	733,299	3,582,935	32,359,490	260,454
Less: accumulated depreciation	(6,007,938)	(1,325,045)	(327,825)	(756,255)	(8,417,063)	(31,444)
Total Capital Assets, Net	<u>18,482,154</u>	<u>2,228,119</u>	<u>405,474</u>	<u>2,826,680</u>	<u>23,942,427</u>	<u>229,010</u>
Total Noncurrent Assets	<u>18,482,154</u>	<u>2,228,119</u>	<u>405,474</u>	<u>2,826,680</u>	<u>23,942,427</u>	<u>229,010</u>
Total Assets	<u>20,963,361</u>	<u>3,979,222</u>	<u>1,313,026</u>	<u>6,443,410</u>	<u>32,699,019</u>	<u>826,595</u>
Deferred Outflows of Resources						
Pension	31,785	55,858	68,340	13,067	169,050	--
OPEB	363	330	1,034	45	1,772	--
Total Deferred Outflows of Resources	<u>32,148</u>	<u>56,188</u>	<u>69,374</u>	<u>13,112</u>	<u>170,822</u>	<u>--</u>
Liabilities						
Current Liabilities						
Accounts payable	180,603	32,930	55,962	8,972	278,467	6,367
Accrued liabilities	7,322	7,962	20,695	1,521	37,500	1,118
Due to other funds	1,692,076	--	--	--	1,692,076	--
Interest payable	128,418	--	--	42,806	171,224	--
Current portion of revenue bonds payable	540,779	--	--	180,260	721,039	--
Current portion of state revolving loan payable	338,698	--	--	112,899	451,597	--
Compensated absences	3,444	2,863	7,618	311	14,236	474
Unearned revenue	--	4,492	--	--	4,492	--
Customer deposits	995,260	--	--	--	995,260	--
Total Current Liabilities	<u>3,886,600</u>	<u>48,247</u>	<u>84,275</u>	<u>346,769</u>	<u>4,365,891</u>	<u>7,959</u>
Noncurrent Liabilities						
Total OPEB liability	12,072	16,714	39,687	460	68,933	--
Net pension liability	49,833	86,514	106,366	20,492	263,205	--
Compensated absences	30,994	25,771	68,562	2,797	128,124	4,262
Revenue bonds payable	4,928,652	--	--	1,642,884	6,571,536	--
State revolving loan payable	4,811,266	--	--	1,603,755	6,415,021	--
Total Noncurrent Liabilities	<u>9,832,817</u>	<u>128,999</u>	<u>214,615</u>	<u>3,270,388</u>	<u>13,446,819</u>	<u>4,262</u>
Total Liabilities	<u>13,719,417</u>	<u>177,246</u>	<u>298,890</u>	<u>3,617,157</u>	<u>17,812,710</u>	<u>12,221</u>
Deferred Inflows of Resources						
Pension	12,581	23,237	28,378	4,819	69,015	--
OPEB	2,531	2,852	8,022	392	13,797	--
Parking Trust	--	405,008	--	--	405,008	--
Total Deferred Inflows of Resources	<u>15,112</u>	<u>431,097</u>	<u>36,400</u>	<u>5,211</u>	<u>487,820</u>	<u>--</u>
Net Position						
Net investment in capital assets	7,862,759	2,228,119	405,474	(713,118)	9,783,234	229,010
Restricted for renewal and replacement	1,522,319	--	--	266,140	1,788,459	585,364
Restricted for loan reserve	243,000	--	--	81,000	324,000	--
Unrestricted	(2,367,098)	1,198,948	641,636	3,200,132	2,673,618	--
Total Net Position	<u>\$ 7,260,980</u>	<u>\$ 3,427,067</u>	<u>\$ 1,047,110</u>	<u>\$ 2,834,154</u>	<u>\$ 14,569,311</u>	<u>\$ 814,374</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Totals	Internal Service Fund Fleet Management
Operating Revenues						
Charges for services:						
Water sales	\$ 1,940,235	\$ --	\$ --	\$ --	\$ 1,940,235	\$ --
Sewer charges	1,945,496	--	--	--	1,945,496	--
Parking fees	--	1,397,286	--	--	1,397,286	--
Solid waste fees	--	--	1,719,915	--	1,719,915	--
Recycling fees	--	--	104,739	--	104,739	--
Drainage fees	--	--	--	690,843	690,843	--
Service charges	--	--	--	--	--	1,237,056
Miscellaneous	3,619	--	40,630	250	44,499	--
Total Operating Revenues	<u>3,889,350</u>	<u>1,397,286</u>	<u>1,865,284</u>	<u>691,093</u>	<u>7,843,013</u>	<u>1,237,056</u>
Operating Expenses						
Personal services	341,561	507,411	866,458	127,722	1,843,152	80,692
Administrative	124,566	531,853	338,584	132,678	1,127,681	59,450
Water system	618,466	--	--	--	618,466	--
Sewer system	1,306,060	--	--	--	1,306,060	--
Solid waste system	--	--	480,818	--	480,818	--
Repairs & maintenance	--	--	--	--	--	251,096
Depreciation	789,895	136,382	59,562	130,606	1,116,445	31,444
Total Operating Expenses	<u>3,180,548</u>	<u>1,175,646</u>	<u>1,745,422</u>	<u>391,006</u>	<u>6,492,622</u>	<u>422,682</u>
Operating Income	<u>708,802</u>	<u>221,640</u>	<u>119,862</u>	<u>300,087</u>	<u>1,350,391</u>	<u>814,374</u>
Nonoperating Revenues (Expenses)						
Interest earnings	1,066	--	--	--	1,066	--
Interest expense	(369,217)	--	--	(120,769)	(489,986)	--
Total Nonoperating Expenses	<u>(368,151)</u>	<u>--</u>	<u>--</u>	<u>(120,769)</u>	<u>(488,920)</u>	<u>--</u>
Income Before Transfers	<u>340,651</u>	<u>221,640</u>	<u>119,862</u>	<u>179,318</u>	<u>861,471</u>	<u>814,374</u>
Transfers out	(102,389)	(102,389)	(138,989)	(30,717)	(374,484)	--
Change in Net Position	<u>238,262</u>	<u>119,251</u>	<u>(19,127)</u>	<u>148,601</u>	<u>486,987</u>	<u>814,374</u>
Net Position - Beginning	<u>7,022,718</u>	<u>3,307,816</u>	<u>1,066,237</u>	<u>2,685,553</u>	<u>14,082,324</u>	<u>--</u>
Net Position - Ending	<u>\$ 7,260,980</u>	<u>\$ 3,427,067</u>	<u>\$ 1,047,110</u>	<u>\$ 2,834,154</u>	<u>\$ 14,569,311</u>	<u>\$ 814,374</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Totals	Internal Service Fund Vehicle Maintenance
Cash Flows from Operating Activities						
Receipts from customers	\$ 4,617,139	\$ 1,423,286	\$ 1,799,664	\$ 647,868	\$ 8,487,957	\$ 1,237,056
Payments to suppliers	(2,027,356)	(503,764)	(787,746)	(125,025)	(3,443,891)	(304,179)
Payments to employees	(349,577)	(494,328)	(851,305)	(132,655)	(1,827,865)	(74,838)
Net Cash Provided by Operating Activities	<u>2,240,206</u>	<u>425,194</u>	<u>160,613</u>	<u>390,188</u>	<u>3,216,201</u>	<u>858,039</u>
Cash Flows from Noncapital Financing Activities						
Transfers out	(102,389)	(102,389)	(138,989)	(30,717)	(374,484)	--
Net Cash Used by Noncapital Financing Activities	<u>(102,389)</u>	<u>(102,389)</u>	<u>(138,989)</u>	<u>(30,717)</u>	<u>(374,484)</u>	<u>--</u>
Cash Flows from Capital and Related Financing Activities						
Acquisition and construction of capital assets	--	--	--	--	--	(260,454)
Principal payments	(848,857)	--	--	(282,952)	(1,131,809)	--
Interest expense and debt related costs	(390,610)	--	--	(127,901)	(518,511)	--
Net Cash Used by Capital and Related Financing Activities	<u>(1,239,467)</u>	<u>--</u>	<u>--</u>	<u>(410,853)</u>	<u>(1,650,320)</u>	<u>(260,454)</u>
Cash Flows from Investing Activities						
Interest earnings	1,066	--	--	--	1,066	--
Purchases of investments	(915,660)	(1,125,654)	(445,571)	(1,993,346)	(4,480,231)	(515,925)
Net Cash Used by Investing Activities	<u>(914,594)</u>	<u>(1,125,654)</u>	<u>(445,571)</u>	<u>(1,993,346)</u>	<u>(4,479,165)</u>	<u>(515,925)</u>
Net Increase (Decrease) in Cash	<u>(16,244)</u>	<u>(802,849)</u>	<u>(423,947)</u>	<u>(2,044,728)</u>	<u>(3,287,768)</u>	<u>81,660</u>
Cash - Beginning	<u>186,898</u>	<u>999,790</u>	<u>492,417</u>	<u>2,399,302</u>	<u>4,078,407</u>	<u>--</u>
Cash - Ending	<u>\$ 170,654</u>	<u>\$ 196,941</u>	<u>\$ 68,470</u>	<u>\$ 354,574</u>	<u>\$ 790,639</u>	<u>\$ 81,660</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Totals	Internal Service Fund Vehicle Maintenance
Reconciliation of Operating Income to Net Cash Provided by Operating Activities						
Operating income	\$ 708,802	\$ 221,640	\$ 119,862	\$ 300,087	\$ 1,350,391	\$ 814,374
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	789,895	136,382	59,562	130,606	1,116,445	31,444
Changes in assets, liabilities and deferred inflows/outflows:						
(Increase) decrease in:						
Receivables	29,453	47,000	(65,620)	(43,225)	(32,392)	--
Prepaid items	14,493	2,899	8,696	5,797	31,885	--
Deferred outflows - pension/OPEB	4,582	10,442	13,558	1,803	30,385	--
Increase (decrease) in:						
Accounts payable	7,243	25,190	22,960	1,856	57,249	6,367
Accrued liabilities	(17,930)	(2,951)	(3,039)	(8,148)	(32,068)	1,118
Unearned revenue	--	(5,150)	--	--	(5,150)	--
Compensated absences	5,588	13,854	2,352	2,597	24,391	4,736
Net pension liability	(7,616)	(13,501)	(17,201)	(3,028)	(41,346)	--
Total OPEB liability	516	(32)	2,028	103	2,615	--
Deferred inflows - pensions/OPEB	6,844	10,421	17,455	1,740	36,460	--
Deferred inflows - parking trust	--	(21,000)	--	--	(21,000)	--
Customer deposits	698,336	--	--	--	698,336	--
Total adjustments	1,531,404	203,554	40,751	90,101	1,865,810	43,665
Net Cash Provided by Operating Activities	\$ 2,240,206	\$ 425,194	\$ 160,613	\$ 390,188	\$ 3,216,201	\$ 858,039

The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2019

Assets

Money market funds	\$ 315,310
Certificates of deposit	30,137
U.S. Treasury securities	177,751
U.S. Government agency bonds	183,449
Municipal obligations	2,951,650
Corporate bonds	2,299,474
Mortgage backed securities	340,534
Equities	
Common stock and American depositary receipts and exchange traded funds	6,855,861
Mutual funds	8,510,516
Real estate investment trusts	270,883
Collective investment trust	707,514
Core real estate fund	<u>1,487,439</u>

Total Investments

24,130,518

Receivables

Interest and dividends	42,508
Employee contributions	21,948
Other receivables	<u>21,972</u>

Total Receivables

86,428

Prepaid Expenses

1,559

Total Assets

24,218,505

Liabilities and Net Position

Accounts payable	58,931
Refunds due to members	<u>28,599</u>

Total Liabilities

87,530

Net Position Restricted for Pension Benefits

\$ 24,130,975

The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Additions

Contributions

Plan members	\$ 498,404
Town	<u>817,472</u>
	<u>1,315,876</u>

Investment Income

Net appreciation in fair value of investments	360,383
Interest and dividends	<u>683,762</u>
	1,044,145
Less investment expenses	<u>(111,389)</u>

Net Investment Income

932,756

Total Additions

2,248,632

Deductions

Benefit payments	1,162,820
Refunds of contributions	146,004
Administrative expenses	<u>118,209</u>

Total Deductions

1,427,033

Change in Net Position

821,599

Net Position Restricted for Pension Benefits- Beginning

23,309,376

Net Position Restricted for Pension Benefits - Ending

\$ 24,130,975

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Surfside, Florida (the Town) was incorporated on May 19, 1935. The Town of Surfside's Charter was adopted under the provisions of Chapter 27914, Laws of Florida, 1951. The Town is governed by an elected five-member Town Commission and operates under a commissioner-manager form of government. The Town provides services to its approximately 6,000 residents in many areas including general government and administrative services, public safety (police), physical environment, solid waste collection, transportation (maintenance of roads and streets), culture and recreation, tourism development, water/sewer and stormwater utilities.

The summary of the Town's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below:

A. FINANCIAL REPORTING ENTITY

In accordance with accounting principles generally accepted in the United States of America, these financial statements present the Town and its organizations for which the Town is considered financially accountable. Financial accountability includes 1) the appointment of a voting majority of the organization's governing body, 2) the ability of the primary government to impose its will on the organization, or 3) if there is a financial benefit/burden relationship or operational responsibility. In addition, an organization, which is fiscally dependent on the primary government, should be included in its reporting entity. Based on the application of these criteria, there were no organizations that met the criteria described above.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from these statements with the exception of interfund services provided and used which are not eliminated. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The Town does not employ an indirect cost allocation system.

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining nonmajor governmental funds are aggregated and reported as other governmental funds.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, reconciliations are provided to briefly explain the adjustments necessary to reconcile the governmental fund financial statements to the government-wide governmental activities financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Expenditures generally are recorded when a liability is incurred, as required by accrual accounting, except for expenditures related to compensated absences, which are recorded when payment is due.

Property taxes and other taxes (such as franchise taxes, utilities taxes, and sales taxes), charges for services, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues for expenditure driven grants are recognized when the qualifying expenditures are incurred. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The reporting practices of the proprietary fund types closely parallel comparable commercial financial reporting, which recognize revenue when earned and expenses when incurred (the accrual basis) including, in the case of the enterprise funds, depreciation on its exhaustible capital assets. Earned, but unbilled service receivables have been accrued as revenue in the enterprise funds.

GAAP sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenue or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are presented in the combining and individual fund statements and schedules section.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Building Fund*, a special revenue fund, is used to account for the building department activities within the Town. Revenues are collected from development activity to fund building department operations.

The *Capital Projects Fund* is used to account for the capital projects of the Town which have received the approval of the Town Commission. Transfers from the general and other funds are made to this fund to cover such expenditures.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

The *Tourism fund* is used to account for resort tax collections which are restricted to promote tourism related activities of the Town for allowable functions and activities.

The Town reports the following major proprietary funds:

The *Water and Sewer Fund* is used to account for water and sewer utility operations, which are financed and operated in a manner similar to private business enterprises. The intent of the Town is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

The *Municipal Parking Fund* accounts for all parking revenues and expenses. Parking citation revenue is allocated to the General Fund.

The *Sanitation Fund* is used to account for the activities of the Town residential, multi-family, and commercial refuse and recycling.

The *Stormwater Utility Fund* is used to account for the stormwater utility fees, which are collected to construct, operate, and maintain a stormwater management system.

The *Fleet Management Fund* is an internal service fund used to account for the costs of maintaining the Town's fleet and accumulates the cost of operating the central garage facility for vehicle maintenance.

Additionally, the government reports the following fund type:

The *Pension Trust Fund* is used to account for the Town's single-employer defined benefit pension plan (the Plan) covering substantially all of its employees (The Retirement Plan for the Employees of the Town of Surfside).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's enterprise functions and various other functions of the Town for services rendered. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than *program revenues*. The general revenues include all taxes.

Proprietary Funds distinguish *operating revenues* and *expenses* from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues and expenses of the Town's enterprise funds are charges to customers for services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

1. Deposits and Investments

The Town utilizes a pooled cash account for cash of all Town funds other than those that are required to be physically segregated. The pooled cash account concept allows each participating fund to benefit from the economies of scale and improved yield which are inherent to a larger investment pool. Formal accounting records detail the individual equities of the participating funds. The pooled cash system utilizes a single checking account for Town receipts and disbursements with a separate checking account for payroll disbursements.

The Town's investment policy follows the requirements of Florida Statutes Chapter 218.415, *Local Government Investment Policies*, and attempts to promote, in order of priority, safety of principal, adequate liquidity, and maximization of total return. Investments in the Town of Surfside's local government surplus funds are governed by the provisions of Florida Statutes Section 218.415. Investments in the Town's pension trust fund are governed by the Plan's investment policy and Florida Statutes Section 112.661. All investments of the Town and the pension trust fund, except Florida PRIME, are reported at fair value using quoted market prices. The Florida PRIME is recorded at its value of the pool shares, which is amortized cost.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)

2. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of the interfund loans).

3. Receivables

Receivables include amounts due from other governments and others for services provided by the Town. Receivables are recorded and revenues are recognized as earned or as specific program expenditures/expenses are incurred. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of receivables.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the fund financial statements. Prepaid items are accounted for under the purchase method.

5. Capital Assets

Capital assets include property, buildings, machinery, furniture and equipment, intangible and infrastructure assets (e.g., sidewalks and other similar items), which are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year, except for infrastructure and intangible assets for which the Town utilizes a \$25,000 capitalization threshold. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The Town was not required to and did not retroactively report infrastructure assets acquired prior to the implementation of GASB Statement No. 34.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)

5. Capital Assets (continued)

The Town records impairment losses on long-lived assets used in operations when events and circumstances indicate the assets might be impaired. No impairment losses have been recorded.

Capital assets of the Town are depreciated using the straight-line method over the estimated useful lives:

Assets	Years
Buildings	15-50
Machinery, furniture and equipment	5-10
Infrastructure	10-30
Intangibles	10-30

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Town reports within its government-wide statement of net position as deferred outflows amounts contributed during fiscal year 2019 into The Retirement Plan for the Employees of the Town of Surfside. The net pension liability associated with the Plan was measured as of September 30, 2018. The amounts paid during fiscal year 2019 to the Plan will be reflected within the Town’s pension expense and related liability when the net pension liability is measured for the subsequent fiscal year. In addition, the Town reports a deferred outflow for its obligation for the total OPEB liability.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three items that qualify for reporting in this category. A deferred inflow for pensions, OPEB and the proprietary funds statement of net position includes a parking trust agreement within the Municipal Parking Fund. These amounts are deferred and recognized as an inflow of resources and recognized as revenue in the period that the time restrictions are met.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)

7. Compensated Absences

The Town's policy is to permit employees to accumulate earned but unused sick as well as vacation pay benefits, limited to certain maximums. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences of the governmental funds are typically liquidated from the general fund.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities or proprietary fund type statement of net position.

9. Fund Balance

The Town follows the criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. The Town's accounting and financial policies are used to interpret the nature and/or requirements of the funds and their corresponding classification of nonspendable, restricted, committed, assigned or unassigned.

The following are the fund balance classifications:

Nonspendable fund balance. Nonspendable fund balances are amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance. Restricted fund balances are amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)

9. Fund Balance (continued)

Committed fund balance. Committed fund balances can only be used for the specific purposes determined by a formal action (ordinance or resolution, which are equally binding) of the Town Commission, the Town's highest level of decision making authority. Commitments may be changed or lifted only by the Town Commission taking the same formal action (ordinance or resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance. Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is established by management of the Town to which the Commission has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. There is no formal policy through which this authority has been established. Specific amounts that are not restricted or committed in a special revenue or capital projects fund are assigned for the purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Town itself.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

10. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last, unless the Town Commission has provided otherwise in its commitment or assignment actions by either ordinance or resolution.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)

11. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

12. Net Position

Net position of the government-wide and proprietary funds is categorized as net investment in capital assets, restricted or unrestricted. The net investment in capital assets consists of capital assets reduced by accumulated depreciation and by any outstanding related debt and deferred inflows/outflows of resources incurred to acquire, construct or improve those assets, excluding unexpended proceeds. Restricted net position is that portion of net position that has been restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of either of the other two components.

13. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, liabilities and deferred inflows of resources, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from management’s estimates.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS

DEPOSITS - TOWN

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer, or any other banking institution, eligible collateral of the depository. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized.

INVESTMENTS – TOWN

The Town’s investment policy authorizes Town officials to invest in those instruments authorized by the Florida Statutes and the Town’s investment policy, including the certificates of deposit and money market funds (placed with “qualified public depositories”); U.S. Treasury and Government Agency securities; corporate bonds; commercial paper; mutual funds; repurchase agreements; and the Florida PRIME administered by the State Board of Administration (SBA).

Florida PRIME is governed by Chapter 19-7 of the Florida Administrative Code and Chapters 215 and 218 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME. Florida PRIME invests in a pool of investments whereby the Town owns a share of the respective pool, not the underlying securities. GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* established criteria for an external investment pool to qualify to report at amortized cost. Florida PRIME is exempt from the GASB 72 fair value hierarchy disclosures and reports at amortized cost.

With regard to redemption dates, Chapter 218.409(8) (a), Florida Statutes, states, “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency measures and review the necessity of those measures. If the Trustees are unable to convene

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – TOWN (CONTINUED)

an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the Executive Director may extend the moratorium until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustee exceed 15 days.”

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2019, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

The investment in the Florida PRIME is not insured by FDIC or any other governmental agency.

As of September 30, 2019, the Town had the following investment subject to interest rate risk:

	Reported Value	Weighted Average Maturity
Investments		
Florida PRIME	\$ 23,735,870	37 days

Florida PRIME is presented as an investment in the financial statements.

Interest Rate Risk

The Town has an investment policy to invest in a manner that is consistent with sound business practices in order to protect the assets of the Town residents, provide effective cash management to meet anticipated obligations and earn a rate of return consistent with these inherent restraints. Safety of capital and liquidity are also inherent in the Town’s policy. The policy is structured to provide sufficient liquidity to pay obligations as they come due. The Town’s investment policy limits the maturities to no more than 7 years for direct United States obligations and to no more than 5 years for United States agency obligations and corporate obligations. Term repurchase agreements are limited to maturities of 90 days or less and certificate of deposits are limited to 2 years or less.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – TOWN (CONTINUED)

Credit Risk

The Town's investment policy limits investments to the highest ratings issued by a nationally recognized statistical rating organization (NRSRO). The Florida PRIME is rated AAAM by Standard and Poor's.

Concentration of Credit Risk

The Town's investment policy states that assets shall be diversified to control the risk of loss resulting from concentration of assets to a specific maturity, instrument, issue, dealer, or bank through which these securities are bought and sold. As of September 30, 2019, the Town's portfolio did not have any investments subject to a concentration of credit risk, other than Florida PRIME.

INVESTMENTS – PENSION TRUST FUND

The investment activity of the Plan is directed by an investment advisory firm. All investments made or held by the Plan shall be limited to the following:

1. Cash equivalents.
2. Obligations issued by the United States Government or obligations guaranteed as to principal and interest by the United States Government or by an agency of the United States Government.
3. Bonds issued by the State of Israel. Foreign equity investments shall not exceed 10% of the Plan assets.
4. Bonds or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any state, organized territory of the United States, or District of Columbia provided the corporation is listed on the recognized national stock exchanges or on the National Market System of the NASDAQ stock market, the issuer has an investment quality rating within the top three rating classifications by at least two major services (Standard and Poor's, Moody's or Fitch). Up to 10% of the bond portfolio may be invested in the fourth rating classification (by two of the above rating services).
5. Equity investments (common stock, convertible bonds and preferred stocks) in a corporation listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market and ETF exchange-traded funds.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION TRUST FUND (CONTINUED)

6. Commingled equity, bond, real estate, or money market funds whose investments are restricted to securities meeting the criteria of this section. Investments in equities are not to exceed 70% of the Plan assets at market, and no more than 5% at cost of the equities may be invested in a single company.
7. Collective Investment Trust.

Investments held in trust for Plan benefits consist of the following at September 30, 2019:

	<u>Reported Value</u>
Investments	
Money market funds	\$ 315,310
Certificates of deposit	30,137
U.S. Treasury securities	177,751
U.S. Government agency bonds	183,449
Municipal obligations	2,951,650
Corporate bonds	2,299,474
Mortgage backed securities	340,534
Equities	
Common stock and American depositary receipts and exchange traded funds	6,855,861
Mutual funds	8,510,516
Real estate investment trusts	270,883
Collective investment trust	707,514
Core real estate fund	<u>1,487,439</u>
Total	<u>\$ 24,130,518</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION TRUST FUND (CONTINUED)

As of September 30, 2019, the Plan had the following investment types subject to interest rate risk:

Investment Type	Fair Value	Sector Distribution
Corporate bonds	\$ 2,299,474	38.6%
Municipal obligations	2,951,650	49.6%
U.S. Government agency bonds	183,449	3.1%
U.S. Treasury securities	177,751	3.0%
Mortgage backed securities	340,534	5.7%
Total Fair Value	\$ 5,952,858	

Maturity Distribution		Credit Quality Distribution	
Years	% of Fixed Income Securities	Rating	% of Fixed Income Securities
0-1	6.6%	AAA	2.2%
1-5	20.6%	AA	61.8%
5-10	24.3%	A	20.6%
10+	48.5%	BBB	13.2%
	100.0%	Not Rated	2.2%
			100.0%

Interest Rate Risk

In accordance with its investment policy, the Plan manages its exposure to declines in the fair value of its securities through a conservative approach of managing portfolio exposure to duration, maturity and sector relative to market indices.

Credit Risk

State law limits investments in commercial paper to the two top ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the Plan’s policy to limit its investments in this investment type to the top two ratings issued by NRSROs. As of September 30, 2019, the Plan’s investments in the U.S. Treasury Securities were rated AAA by Standard & Poor’s, and Aaa by Moody’s Investors Service. The Investment Policy of the Plan states it is permitted to invest in corporate bonds with an investment quality rating with rating with the top three rating classifications by at least two major rating services (Standards & Poor, Moody’s or Fitch). The corporate bonds held by the Plan were in the top three rating classifications. The mortgage backed securities were rated AAA and Aaa by Standard & Poor’s, and Moody’s, respectively.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION TRUST FUND (CONTINUED)

Concentration of Credit Risk

The Plan's investment policy does not allow for an investment in any one issuer, other than U.S. Government securities, that is in excess of five percent of the Plan's total investments nor any investment in any one organization represents five percent or more of total fiduciary net position.

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the securities, whether fixed or equities are held in the name of the Plan.

Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 - Investments' fair values based on prices quoted in active markets for identical assets.

Level 2 - Investments' fair values based on observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.

Level 3 - Investments' fair values based upon unobservable inputs.

The following is a description of the fair value techniques for the Plan's investments. Level 1 and 2 prices are obtained from various pricing sources by the Plan's custodian bank:

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. This includes domestic and foreign common stock, American depository receipts (ADR), and exchange traded funds (ETF).

TOWN OF SURFSIDE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION TRUST FUND (CONTINUED)

Fair Value Hierarchy (continued)

Debt securities classified in Level 2 of the fair value hierarchy are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity. This includes U.S. Treasuries and Government Agency bonds, corporate bonds, municipal bonds and mortgage backed securities.

Money market funds are reported at amortized cost.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION TRUST FUND (CONTINUED)

Fair Value Hierarchy (continued)

The following is a summary of the fair value hierarchy of investments as of September 30, 2019:

	Fair Value Measurements Using			
	9/30/2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt securities				
U.S. Treasury securities	\$ 177,751	\$ --	\$ 203,499	\$ --
Corporate bonds	2,299,474	--	2,299,474	--
Municipal obligations	2,951,650	--	2,951,650	--
Mortgage backed securities	340,534	--	340,534	--
U.S. Government agency bonds	183,449	--	183,449	--
Total debt securities	5,952,858	--	5,978,606	--
Equity securities				
Common stock, ADRs, and ETFs	6,855,861	6,855,861	--	--
Mutual funds	8,510,516	8,510,516	--	--
Real Estate Investment Trusts	270,883	270,883	--	--
Total equity securities	15,637,260	15,637,260	--	--
Total investments at fair value	21,590,118	\$ 15,637,260	\$ 5,978,606	\$ --

Investments Measured at Net Asset Value (NAV)

Core real estate fund	1,487,439
Collective investment trust	707,514
Total investments measured at NAV	2,194,953
Money market funds (exempt)	315,310
Certificates of deposit (exempt)	30,137
Total investments	\$ 24,130,518

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION TRUST FUND (CONTINUED)

Fair Value Hierarchy (continued)

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient, including their related unfunded commitments and redemption restrictions.

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Core Real Estate Fund ⁽¹⁾	\$ 1,487,439	\$ --	Quarterly	N/A
Collective Investment Trust ⁽²⁾	\$ 707,514	\$ --	5 Day Notice	N/A

- (1) *Core real estate fund.* This fund is an open-end core real estate fund with a diversified portfolio of income producing institutional properties throughout the U.S. This investment is valued at NAV and is redeemable on a quarterly basis.
- (2) *Collective Investment Trust.* This fund investment objective is to seek to achieve maximum total return by investing globally in publicly traded infrastructure companies. This investment is valued at NAV and is redeemable with 5-day notice.

NOTE 3 – RECEIVABLES

Receivables as of September 30, 2019 for the Town’s major and nonmajor funds, including the applicable allowances for uncollectible accounts, if any, are as follows:

	General	Tourism	Nonmajor Governmental	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Total
Receivables								
Intergovernmental	\$ 180,627	\$ 203,256	\$ 41,027	\$ --	\$ --	\$ --	\$ --	\$ 424,910
Other	164,112	--	--	--	428,508	--	--	592,620
Accounts - billed	--	--	--	728,557	--	393,511	53,708	1,175,776
Accounts - unbilled	--	--	--	624,574	--	--	118,431	743,005
Gross receivables	344,739	203,256	41,027	1,353,131	428,508	393,511	172,139	2,936,311
Less: allowance for uncollectibles	--	--	--	--	--	--	--	--
Total Receivables, Net	<u>\$ 344,739</u>	<u>\$ 203,256</u>	<u>\$ 41,027</u>	<u>\$ 1,353,131</u>	<u>\$ 428,508</u>	<u>\$ 393,511</u>	<u>\$ 172,139</u>	<u>\$ 2,936,311</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 4 – PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10.0 mills (\$10 per \$1,000 of assessed taxable valuation). The millage rate assessed by the Town for the fiscal year ended September 30, 2019, was 4.8000 per \$1,000. The tax levy of the Town is established by the Town Commission prior to October 1 each year, and the County Property Appraiser incorporates the millage into the total tax levy, which includes Miami-Dade County, Miami-Dade County School Board and special taxing districts.

All property is reassessed according to its fair market value as of January 1 each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes.

All real and tangible personal property taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified by the County Property Appraiser. Miami-Dade County mails to each property owner on the assessment roll a notice of taxes due and Miami-Dade County collects the taxes for the Town. Taxes may be paid upon receipt of such notice from Miami-Dade County, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount and all unpaid taxes on real and tangible personal property become delinquent and liens are placed on April 1 of the year following the year in which the taxes were assessed. Procedures for the collection of delinquent taxes by Miami-Dade County are provided for in the laws of the State of Florida. As of September 30, 2019, there were no material delinquent taxes.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of the interfund balances as of September 30, 2019 is as follows:

DUE TO/FROM OTHER FUNDS

Receivable Funds	Water and Sewer	Payable Fund Police Forfeiture Fund	Transportation Surtax Fund	Total
General Fund	\$ 595,405	\$ 51,671	\$ 567,450	\$ 1,214,526
Stormwater Utility Fund	<u>1,096,671</u>	--	--	<u>1,096,671</u>
	<u>\$ 1,692,076</u>	<u>\$ 51,671</u>	<u>\$ 567,450</u>	<u>\$ 2,311,197</u>

Receivables noted above represent short-term arrangements made to cover temporary negative cash balances in each fund’s equity in pooled cash at year end.

INTERFUND TRANSFERS

Fund	Transfers In	Transfers Out
General Fund	\$ 508,914	\$ 1,108,000
Building Fund	--	122,867
Capital Projects Fund	1,228,000	100,000
Tourism Fund	--	120,000
Transportation Surtax Fund (Nonmajor Fund)	100,000	11,563
Water and Sewer Fund	--	102,389
Municipal Parking Fund	--	102,389
Sanitation Fund	--	138,989
Stormwater Utility Fund	--	<u>30,717</u>
Total Interfund Transfers	<u>\$ 1,836,914</u>	<u>\$ 1,836,914</u>

Capital Projects Fund transfers consisted of transfers from the General Fund, Stormwater Fund and Transportation Surtax Fund to provide funding for on-going construction projects.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2019 was as follows:

	Beginning Balances	Increase	Decrease	Ending Balances
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 1,461,229	\$ --	\$ --	\$ 1,461,229
Construction in progress	<u>12,480</u>	<u>17,141</u>	<u>--</u>	<u>29,621</u>
Total Capital Assets Not Being Depreciated	<u>1,473,709</u>	<u>17,141</u>	<u>--</u>	<u>1,490,850</u>
Capital Assets Being Depreciated				
Buildings	11,188,329	87,779	--	11,276,108
Machinery, furniture and equipment	3,200,788	528,300	234,831	3,494,257
Infrastructure	<u>6,444,834</u>	<u>--</u>	<u>34,100</u>	<u>6,410,734</u>
Total Capital Assets Being Depreciated	<u>20,833,951</u>	<u>616,079</u>	<u>268,931</u>	<u>21,181,099</u>
Less: Accumulated Depreciation for				
Buildings	2,814,398	287,871	--	3,102,269
Machinery, furniture and equipment	2,304,319	284,908	234,831	2,354,396
Infrastructure	<u>2,093,156</u>	<u>334,614</u>	<u>--</u>	<u>2,427,770</u>
Total Accumulated Depreciation	<u>7,211,873</u>	<u>907,393</u>	<u>234,831</u>	<u>7,884,435</u>
Total Capital Assets Being Depreciated, Net	<u>13,622,078</u>	<u>(291,314)</u>	<u>34,100</u>	<u>13,296,664</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,095,787</u>	<u>\$ (274,173)</u>	<u>\$ 34,100</u>	<u>\$ 14,787,514</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	Beginning Balances	Increase	Decrease	Ending Balances
	Beginning Balances	Increase	Decrease	Ending Balances
Business-type Activities				
Capital Assets Not Being Depreciated				
Land	\$ 1,358,011	\$ --	\$ --	\$ 1,358,011
Construction in progress	--	--	--	--
Total Capital Assets Not Being Depreciated	<u>1,358,011</u>	<u>--</u>	<u>--</u>	<u>1,358,011</u>
Capital Assets Being Depreciated				
Equipment	1,773,461	--	--	1,773,461
Infrastructure	29,228,018	--	--	29,228,018
Total Capital Assets Being Depreciated	<u>31,001,479</u>	<u>--</u>	<u>--</u>	<u>31,001,479</u>
Less: Accumulated Depreciation for				
Equipment	694,504	178,640	--	873,144
Infrastructure	6,606,114	937,805	--	7,543,919
Total Accumulated Depreciation	<u>7,300,618</u>	<u>1,116,445</u>	<u>--</u>	<u>8,417,063</u>
Total Capital Assets Being Depreciated, Net	<u>23,700,861</u>	<u>(1,116,445)</u>	<u>--</u>	<u>22,584,416</u>
Business-type Activities Capital Assets, Net	<u>\$ 25,058,872</u>	<u>\$ (1,116,445)</u>	<u>\$ --</u>	<u>\$ 23,942,427</u>

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental Activities	
General government	\$ 193,017
Public safety	108,107
Physical environment	467,124
Leisure services	68,210
Transportation	<u>70,935</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 907,393</u>
Business-type Activities	
Water and sewer	\$ 789,895
Municipal parking	136,382
Sanitation	59,562
Stormwater utility	<u>130,606</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 1,116,445</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 7 – LONG TERM LIABILITIES

GOVERNMENTAL ACTIVITIES

The following is summary of changes in long-term liabilities of the Town for governmental activities for the fiscal year ended September 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Capital lease	\$ 2,911	\$ --	\$ 1,457	\$ 1,454	\$ 1,454
Compensated absences	<u>400,366</u>	<u>360,218</u>	<u>293,490</u>	<u>467,094</u>	<u>40,511</u>
Total Governmental Activities	<u>\$ 403,277</u>	<u>\$ 360,218</u>	<u>\$ 294,947</u>	<u>\$ 468,548</u>	<u>\$ 41,965</u>

BUSINESS-TYPE ACTIVITIES

The following is summary of changes in long-term liabilities of the Town for business-type activities for the fiscal year ended September 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
Revenue bonds series 2011	\$ 7,981,115	\$ --	\$ 688,540	\$ 7,292,575	\$ 721,039
State revolving loan	7,309,888	--	443,269	6,866,619	451,597
Compensated absences	<u>117,969</u>	<u>65,120</u>	<u>40,730</u>	<u>142,359</u>	<u>14,236</u>
Total Business-type Activities	<u>\$15,408,972</u>	<u>\$ 65,120</u>	<u>\$1,172,539</u>	<u>\$ 14,301,553</u>	<u>\$1,186,872</u>

The General Fund is typically used to liquidate the compensated absences, the Total OPEB Liability and the Net Pension Liability.

UTILITY SYSTEM REVENUE BONDS SERIES 2011

On April 28, 2011, the Town issued \$16,000,000 Utility System Revenue Bonds, Series 2011 to finance the cost of certain construction projects, including improvements for the existing facilities for the water, sewer, and storm water systems. Principal and interest is to be paid from the pledge of Water/Sewer and Storm Water fund revenues. Principal is paid annually. The bond bears interest of 4.720% payable semi-annually, and it matures on May 1, 2026. Total principal and interest remaining on the bond is \$8,928,395. For the current year, debt service which is comprised of accrued interest and principal payments was \$1,065,249. Pledged revenues were \$4,576,574.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 7 – LONG TERM LIABILITIES (CONTINUED)

UTILITY SYSTEM REVENUE BONDS SERIES 2011 (CONTINUED)

Fiscal Year Ending September 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 721,039	\$ 344,210	\$ 1,065,249
2021	755,073	310,177	1,065,250
2022	790,711	274,537	1,065,248
2023	828,033	237,216	1,065,249
2024	867,116	198,132	1,065,248
2025-2026	<u>3,330,603</u>	<u>271,549</u>	<u>3,602,152</u>
Total	<u>\$ 7,292,575</u>	<u>\$ 1,635,820</u>	<u>\$ 8,928,395</u>

STATE REVOLVING LOAN

The Town executed a Clean Water State Revolving Fund Construction Loan Agreement #WW131710 with the State of Florida Department of Environmental Protection on August 24, 2012 in the amount of \$9,310,000 for the construction of Wastewater and Stormwater improvements. The loan bears an interest rate of 1.87% and matures on January 15, 2033. No proceeds were received during the 2019 fiscal year.

The principal total outstanding at September 30, 2019 is \$6,866,619. The loan is secured by the net water, sewer and stormwater revenues. Total debt service for fiscal year 2019 was \$577,901 and the pledged revenue was \$4,576,574. The loan is payable in semi-annual payments over 20 years beginning on July 15, 2013 and is payable each January 15 and July 15.

Fiscal Year Ending September 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 451,597	\$ 126,304	\$ 577,901
2021	460,081	117,820	577,901
2022	468,725	109,176	577,901
2023	477,531	100,370	577,901
2024	486,503	91,398	577,901
2025-2029	2,573,099	316,408	2,889,507
2030-2033	<u>1,949,083</u>	<u>73,574</u>	<u>2,022,657</u>
Total	<u>\$ 6,866,619</u>	<u>\$ 935,050</u>	<u>\$ 7,801,669</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 7 – LONG TERM LIABILITIES (CONTINUED)

CAPITAL LEASES

The Town entered into two separate lease agreements, at different dates, totaling approximately \$210,000 for the purpose of financing the acquisition of police vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The first lease agreement, entered on November 7, 2013, was for the amount of \$82,559 with an applicable annual interest rate of 2.35%. The second lease agreement, entered on October 4, 2014, was for the amount of \$127,784 with an applicable annual interest rate of 1.83%. All leases are payable monthly.

Asset Acquired Under the Capital Lease

Machinery and equipment	\$ 687,382
Accumulated depreciation	<u>(635,592)</u>

Total Assets Acquired Under the Capital Lease	<u>\$ 51,790</u>
--	-------------------------

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019 are as follows:

Fiscal Year Ending September 30,	Amount
2020	<u>\$ 1,456</u>
Total minimum lease payments	1,456
Less: interest portion	<u>(2)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 1,454</u>

NOTE 8 – EMPLOYEE RETIREMENT PLAN

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Plan documents for more complete information.

PLAN DESCRIPTION

The Plan is a contributory defined benefit single-employer retirement plan covering substantially all employees of the Town of Surfside. All full-time employees are eligible to participate in the Plan immediately upon employment. The administration of the Plan is under the responsibility of a five-member Board of Trustees, which is subject to the ultimate authority of the Town Commission.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

The Plan was established by a Town ordinance approved by the Commissioners and effective January 1, 1962. The Plan is also subject to certain provisions of Chapter 112, Florida Statutes. The benefit provisions and all other requirements, and amendments are established by Town Ordinance. The benefits provided to the Fraternal Order of Police (FOP) members are subject to collective bargaining. The latest Plan Ordinance (16-1652) was effective October 1, 2016.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the Town's Finance Director or visiting the Town's website.

During 2011, the Town passed Ordinance 11-1580, which grants the right to Charter Officers to opt out of the Plan at any time.

The Plan is administered by a Pension Board comprised of:

- Two Town Commissioner Appointees
- One police officer elected by a majority of police officers
- A general employee elected by his or her fellow general employees
- The Town Manager (a permanent member of the Board)

Membership in the Plan as of October 1, 2018, the latest actuarial valuation, was as follows:

Inactive plan members and beneficiaries currently receiving benefits	38
Inactive plan members entitled but not yet receiving benefits	7
Active plan members	<u>95</u>
Total Members	<u><u>140</u></u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

CONTRIBUTIONS AND FUNDING POLICY

Funding of the Plan is provided by contributions from the Town and the employees. The Town's funding policy provides for annual actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The Town's contribution to the Plan which was determined based on the October 1, 2017 actuarial valuation, totaled \$817,472 for the year ended September 30, 2019.

General Employees

Initially employees were required to contribute 5% of their salary. One employee still contributes 5%, but all other general employees contribute 6%. Effective October 1, 2016, the employee contribution for general employees and senior management increased to 8%. The employee previously contributing 5% of their covered compensation is now required to contribute 7%.

Police Officers

Certified law enforcement members of the Plan contribute 8% of earnable compensation to the Plan.

Deferred Retirement Option Program

The Town maintains a Deferred Retirement Option Program (DROP) initially for Police officers and dispatchers only. Effective August 13, 2013, the Town Commission passed an Ordinance, which amended the Deferred Retirement Option Program (DROP) to include all members of the retirement Plan who reach the earliest normal retirement age whereby such member shall be eligible to participate in the DROP. The maximum period of participation in the DROP is sixty months. No payments may be made from the DROP until the employee actually separates from service with the Town. One (1) Police Officer is currently participating in the DROP as of September 30, 2019. Two (2) general employees are currently participating in the DROP as of September 30, 2019. As of September 30, 2019, the balance in the DROP account was \$22,743. This amount is included in the total investment balance presented on the statement of fiduciary net position.

Basis of Accounting

The Plan for Employees of the Town of Surfside's financial statements are prepared on the accrual basis of accounting, reflecting income when earned and contributions for the year (regardless of when received) and expenses and other obligations when incurred (regardless of when paid). Benefit payments and refunds of contributions are recorded as they become due, and payable in accordance with the terms of the Plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and payable, and the employer has made a formal commitment to provide the contributions.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method Used to Value Investments

The Plan investments are reported at fair value with the exception of money market funds, which are reported at amortized cost, and are managed by third-party money managers. The Plan's custodian and individual money manager price each instrument (using various third party pricing sources). Investments that do not have an established market are reported at estimated fair value. Performance reporting, manager fees, and the Plan's asset valuation are based on the custodian's determination of value.

The fiduciary net position of the Plan is the difference between the total plan assets and the total plan liabilities, and are held in trust for pension benefits. Both realized and unrealized gains/losses are recognized under the net appreciation/depreciation in the fair value of investments.

Investment and administrative expenses of the Plan may be paid either by the Town or by the Plan. It is the policy of the Town that these expenses are to be paid by the Plan.

NET PENSION LIABILITY OF THE TOWN

In accordance with Government Accounting Standards Board Statement No. 68, the net pension liability of the Town at September 30, 2019, using a measurement date of September 30, 2018 was as follows:

Total pension liability	\$ 25,467,709
Plan fiduciary net position	<u>(23,309,376)</u>
Net Pension Liability	<u>\$ 2,158,333</u>
Plan fiduciary net position as a percentage of the total pension liability	91.53%

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

CHANGES IN THE NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at September 30, 2017	<u>\$ 23,887,133</u>	<u>\$ 21,292,601</u>	<u>\$ 2,594,532</u>
Changes for the year:			
Service cost	1,002,537	--	1,002,537
Expected interest growth	1,745,881	--	1,745,881
Difference Between Actual and Expected Experience	(348,726)	--	(348,726)
Net investment income	--	1,579,816	(1,579,816)
Contributions - Town	--	917,274	(917,274)
Contributions - member	--	459,190	(459,190)
Administrative expenses	--	(120,389)	120,389
Benefit payments, including refunds of employee contributions	(819,116)	(819,116)	--
Net changes	<u>1,580,576</u>	<u>2,016,775</u>	<u>(436,199)</u>
Balances at September 30, 2018	<u>\$ 25,467,709</u>	<u>\$ 23,309,376</u>	<u>\$ 2,158,333</u>

SIGNIFICANT ACTUARIAL ASSUMPTIONS

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date:	September 30, 2018
Actuarial valuation	October 1, 2017
Interest rates:	
Single discount rate:	7.25%
Inflation rate:	2.50%

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

LONG-TERM EXPECTED RATE OF RETURN

The long-term expected rate of return on pension plan investments was determined based upon the historical average (means returns) which best-estimate ranges of expected future real rates of return. In order to determine the real rates of return, it is necessary to subtract the expected inflation rate from the nominal investment return and investment expenses. The long-term expected rate of return for the Plan was calculated by weighting the expected future rates of return of each asset class by the corresponding target allocation percentages. The target allocation and best estimates of real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Long-Term Real Return</u>
Domestic equity	52.0%	9.8%
International equity	10.0%	5.1%
Fixed income	25.0%	6.0%
Real estate	10.0%	8.5%
Cash	3.0%	3.0%

DISCOUNT RATE

A discount rate of 7.25% was used to measure the total pension liability. This discount rate was based on the expected rate of return on Plan investments of 7.25%. The projection of cash flow used to determine this discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability of the Town.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net pension liability of the Town, calculated using the discount rate of 7.25%, as well as what the Town’s net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability (Asset) of the Town	<u>\$ 5,857,744</u>	<u>\$ 2,158,333</u>	<u>\$ (855,458)</u>

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the fiscal year ended September 30, 2019, the Town recognized pension expense of \$906,087. In addition, the Town reports deferred outflows and inflows of resources related to the Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience on liabilities	\$ 292,914	\$ 309,214
Changes of assumptions or other inputs	274,126	--
Net difference between projected and actual earnings on pension plan investment	--	382,643
Town contributions subsequent to the measurement date	<u>817,472</u>	<u>--</u>
Total	<u><u>\$ 1,384,512</u></u>	<u><u>\$ 691,857</u></u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

The deferred outflows of resources associated with the Town’s contribution to the Plan subsequent to the measurement date of September 30, 2018 in the amount of \$817,472, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2020	\$ 115,046
2021	(158,048)
2022	(54,599)
2023	18,306
2024	<u>(45,522)</u>
Total	<u>\$ (124,817)</u>

PAYABLE TO THE PENSION PLAN

At September 30, 2019, the Town reported a payable of \$21,948 for the outstanding amount of employee contributions to the pension plan required for the fiscal year ended September 30, 2019.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS

PLAN DESCRIPTION

The Town provides an optional single employer defined benefit post-employment healthcare plan to eligible individuals. The Plan allows its employees and their beneficiaries, at their own cost, to continue to obtain health and dental insurance benefits upon retirement. The benefits of the Plan conform to Florida Statutes, which is the legal authority for the Plan. The Plan has no assets and does not issue a separate financial report.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

FUNDING POLICY

The Town does not directly make a contribution to the Plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates as are charged to the Town for active employees by its healthcare provider. However, the Town's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an Employer Contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted costs paid by the Town or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

EMPLOYEES COVERED BY BENEFIT TERMS

At September 30, 2019, the following employees were covered by the benefit terms:

Inactive employees and beneficiaries currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	--
Active employees	<u>90</u>
Total Members	<u><u>92</u></u>

TOTAL OPEB LIABILITY

The Town's total OPEB liability of \$597,183 was measured as of October 1, 2018, and was determined by an actuarial valuation as of October 1, 2017.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The total OPEB liability in the October 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	October 1, 2017
Measurement date	October 1, 2018
Actuarial value of assets	N/A - no plan assets
Inflation	2.50% - not explicitly used in valuation
Salary increases	4.0% - 8.0%
Discount rate	3.83%
Healthcare cost trend rates	Based on the Getzen Model starting at 7.5% gradually decreasing to an ultimate rate of 4.4% in 2040
Retirees' share of benefit-related costs	100% of blended health insurance premium rates - except of 0% by statute for certain conditions for Police Officers death and disability benefits.
Long-term expected rate of return, net of investment expense	N/A
Mortality	RP-2000 Combined Mortality Table (general employees) or RP-2000 Blue Collar Mortality Table (police officers), both with full generational improvements in mortality using scale BB

The actuarial assumptions used in the October 1, 2017 valuation were based on the results of an actuarial experience study for the period October 1, 2009 to September 30, 2014.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balance at September 30, 2018	<u>\$ 552,728</u>
Changes for the year:	
Service cost	61,313
Other recognized changes in net pension liability	
Interest	21,442
Assumption changes	(35,474)
Benefit payments and refunds	<u>(2,826)</u>
Net changes	<u>44,455</u>
Balance at September 30, 2019	<u><u>\$ 597,183</u></u>
 Covered Employee Payroll	 \$ 6,205,935
Total OPEB liability as a percentage of covered employee payroll	9.62%

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the sensitivity of the Town’s total OPEB liability to changes in the discount rate. The sensitivity analysis shows the impact on the Town’s total OPEB liability if the discount rate was 1.00% lower or 1.00% higher than the current discount rate at September 30, 2019:

	1% Decrease (2.83%)	Current Discount Rate (3.83%)	1% Increase (4.83%)
Total OPEB liability	\$ 713,859	\$ 597,183	\$ 504,878

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

The following presents the Town’s total OPEB liability, calculated using the 7.5% to 4.4% healthcare trend rate. The sensitivity analysis shows the impact on the Town’s total OPEB liability if the healthcare trend rate were 1.00% lower or 1.00% higher than the current healthcare trend rate at September 30, 2019:

	1% Decrease (6.5% to 3.4%)	Current Trend Rates (7.5% to 4.4%)	1% Increase (8.5% to 5.4%)
Total OPEB liability	\$ 478,691	\$ 597,183	\$ 755,994

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For fiscal year ended September 30, 2019, the Town recognized OPEB expense of \$72,705.

At September 30, 2019, the Town reports deferred outflows and inflows of resources related to the Plan as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience on liabilities	\$ --	\$ 9,590
Changes of assumptions or other inputs	--	54,584
Expected benefit payments subsequent to the measurement date	12,683	--
Total	\$ 12,683	\$ 64,174

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (CONTINUED)

The deferred outflow of resources, resulting from expected benefit payments subsequent to the measurement date (October 1, 2018) in the amount of \$12,683 will be recognized as a reduction in the Town’s total OPEB liability in the subsequent fiscal year. Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30	Amount
2020	\$ (10,050)
2021	(10,050)
2022	(10,050)
2023	(10,050)
2024	(10,050)
Thereafter	<u>(13,924)</u>
Total	<u>\$ (64,174)</u>

NOTE 10 – COMMITMENTS AND CONTINGENCIES

RISK MANAGEMENT

The Town is exposed to various risks and losses related to torts, theft of or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town participates with other municipalities and governmental units in a public entity risk pool administered by the Florida League of Cities Public Risk Services known as the Florida Municipal Insurance Trust (FMIT). The Town pays annual premiums to the FMIT for its general liability insurance, commercial real and personal property, including electronic data processing equipment, automobile, liability, and physical damage insurance coverage.

The Town also participates in the Florida League of Cities public risk pool known as the Florida Municipal Self Insurers Fund (FMSIF) to which it pays annual premiums for its workers’ compensation insurance. The agreement with these public risk pools provides that the pools will be self-sustaining through member premiums and will re-insure through commercial companies for workers’ compensation and liability insurance for claims in excess of \$1,000,000. All policies are issued by FMIT and FMSIF on a non-assessable basis.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 10 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

RISK MANAGEMENT (CONTINUED)

The Town maintains commercial insurance for corporate fiduciary liability, flood, and windstorm coverage. There were no reductions, only increases in insurance coverage from the prior year and there were no settlements that exceeded insurance coverage for each of the past three years.

LITIGATION

The Town is a defendant in various lawsuits incidental to its operations. It is the opinion of Town Management and Town Legal Counsel, that the ultimate resolution of all matters will not have a material adverse effect on the financial position and results of operations of the Town.

NOTE 11– SUBSEQUENT EVENT

In December 2019, a novel strain of coronavirus surfaced in Wuhan, China and has spread around the world resulting in business and social disruption. On January 30, 2020 the World Health Organization declared the coronavirus outbreak (COVID-19) a “Public Health Emergency of International Concern” and on March 11, 2020 declared COVID-19 a pandemic. The impact of COVID-19 could negatively impact the Town’s operations, suppliers or other vendors and customer base. Any business or social disruptions to the Town’s operations, or those of its customers and residents may adversely impact the Town’s revenues, ability to provide services and operating results. The duration of full impacts of the challenges responding to these disruptions are yet unknown and may have a negative impact on the local, national, and global economy. It could result in an economic downturn that could affect demand for goods and services. The extent to which COVID-19 may impact the Town’s financial condition or results of operations in highly uncertain and cannot be predicted.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF SURFSIDE, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		(Negative)
Revenues				
Property taxes	\$ 13,192,738	\$ 13,192,738	\$ 12,966,520	\$ (226,218)
Utility taxes	640,000	640,000	687,734	47,734
Communications services tax	220,559	220,559	210,758	(9,801)
Franchise taxes	478,000	478,000	521,209	43,209
Licenses and permits	113,500	113,500	133,526	20,026
Intergovernmental	713,540	713,540	750,229	36,689
Charges for services	273,400	273,400	304,642	31,242
Fines and forfeitures	169,000	169,000	191,186	22,186
Interest earnings	38,000	38,000	177,564	139,564
Miscellaneous	271,600	271,600	431,905	160,305
Total Revenues	<u>16,110,337</u>	<u>16,110,337</u>	<u>16,375,273</u>	<u>264,936</u>
Expenditures				
Current:				
General government:				
Legislative	150,726	150,726	122,988	27,738
Town attorney	484,270	484,270	477,400	6,870
Executive	816,285	816,285	804,118	12,167
Planning & code compliance	694,174	694,174	564,000	130,174
Finance & IT	1,177,801	1,177,801	1,045,619	132,182
Town clerk	364,045	364,045	282,686	81,359
Non-departmental	722,521	722,521	598,493	124,028
Public safety	6,385,520	6,385,520	6,076,057	309,463
Public works	1,614,556	1,614,556	1,297,793	316,763
Leisure services	573,536	573,536	541,341	32,195
Total Expenditures	<u>12,983,434</u>	<u>12,983,434</u>	<u>11,810,495</u>	<u>1,172,939</u>
Excess of Revenues over Expenditures	<u>3,126,903</u>	<u>3,126,903</u>	<u>4,564,778</u>	<u>1,437,875</u>
Other Financing Sources (Uses)				
Transfers in	508,914	508,914	508,914	--
Transfers out	(1,108,000)	(1,108,000)	(1,108,000)	--
Total Other Financing Uses	<u>(599,086)</u>	<u>(599,086)</u>	<u>(599,086)</u>	<u>--</u>
Net Change in Fund Balance	<u>\$ 2,527,817</u>	<u>\$ 2,527,817</u>	<u>\$ 3,965,692</u>	<u>\$ (908,003)</u>
Appropriated Beginning Fund Balance	<u>\$ --</u>	<u>\$ --</u>		

See notes to budgetary comparison schedule.

TOWN OF SURFSIDE, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUILDING FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Building permits	\$ 654,000	\$ 654,000	\$ 1,036,934	\$ 382,934
Other revenues	2,000	2,000	--	(2,000)
Miscellaneous	--	--	8,777	8,777
Total Revenues	<u>656,000</u>	<u>656,000</u>	<u>1,045,711</u>	<u>389,711</u>
Expenditures				
Current:				
General government:				
Operating expenditures	<u>1,304,668</u>	<u>1,304,668</u>	<u>1,120,000</u>	<u>184,668</u>
Total Expenditures	<u>1,304,668</u>	<u>1,304,668</u>	<u>1,120,000</u>	<u>184,668</u>
Excess of Revenues over Expenditures	<u>(648,668)</u>	<u>(648,668)</u>	<u>(74,289)</u>	<u>574,379</u>
Other Financing Sources (Uses)				
Transfers out	<u>(122,867)</u>	<u>(122,867)</u>	<u>(122,867)</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(122,867)</u>	<u>(122,867)</u>	<u>(122,867)</u>	<u>--</u>
Net Change in Fund Balance	<u>\$ (771,535)</u>	<u>\$ (771,535)</u>	<u>\$ (197,156)</u>	<u>\$ 205,043</u>
Appropriated Beginning Fund Balance	<u>\$ 771,535</u>	<u>\$ --</u>		

See notes to budgetary comparison schedule.

TOWN OF SURFSIDE, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
TOURISM FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Resort taxes	\$ 2,930,000	\$ 2,930,000	\$ 3,901,559	\$ 971,559
Miscellaneous	<u>10,500</u>	<u>10,500</u>	<u>13,614</u>	<u>3,114</u>
Total Revenues	<u>2,940,500</u>	<u>2,940,500</u>	<u>3,915,173</u>	<u>974,673</u>
Expenditures				
Current:				
General government	2,750,713	2,750,713	2,490,045	260,668
Capital outlay	<u>--</u>	<u>--</u>	<u>20,916</u>	<u>(20,916)</u>
Total Expenditures	<u>2,750,713</u>	<u>2,750,713</u>	<u>2,510,961</u>	<u>239,752</u>
Excess of Revenues Over Expenditures	<u>189,787</u>	<u>189,787</u>	<u>1,404,212</u>	<u>1,214,425</u>
Other Financing Uses				
Transfers out	<u>(134,000)</u>	<u>(134,000)</u>	<u>(120,000)</u>	<u>14,000</u>
Net Changes in Fund Balance	<u>\$ 55,787</u>	<u>\$ 55,787</u>	<u>\$ 1,284,212</u>	<u>\$ 1,228,425</u>
Appropriated Beginning Fund Balance	<u>\$ --</u>	<u>\$ --</u>		

See notes to budgetary comparison schedule.

TOWN OF SURFSIDE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

Annual appropriated budgets for the general fund, building fund and tourism fund are adopted on a basis consistent with accounting principles generally accepted in the United States. The Town prepares a budget for its capital projects fund; however, this budget is prepared as a project budget and not as an annually appropriated budget.

1. Prior to August 1, the Town Manager submits to the Town Commission a proposed operating budget for the fiscal year commencing the following October 1. The budget includes proposed expenditures and the means of financing them.
2. The Town Commission holds a public workshop on the proposed budget. Formal public hearings are conducted in September to obtain taxpayers' comments.
3. Prior to October 1, the budget is legally adopted by resolution.

Budgets are monitored at the department level. Budgetary control over expenditures, including capital outlay and transfers, is maintained at the fund level whereby management cannot transfer or over expend appropriations at the individual fund level.

Budgets in governmental funds are encumbered upon issuance of purchase orders, contracts or other forms of legal commitments. While appropriations lapse at the end of each year, the succeeding year's budget ordinance specifically provides for the reappropriation of year end encumbrances.

The Town Manager is authorized to transfer part or all of an encumbered appropriation balance within a particular department or fund; however, any revisions that alter the total appropriations of any department (general fund) or fund must be approved by the Town Commission.

If during the course of the fiscal year, it becomes evident that a particular fund is unable to provide the required level of services to the Town because of higher costs of providing services, or unforeseen circumstances, the budget may be amended. The Town Manager submits to the Town Commission a request to amend the budget. The request contains explanations, and includes a proposal for financing if additional appropriations are requested. The amendment requires the Town Commission approval and adoption. All necessary supplemental appropriations are adopted by the Town Commission as part of the budget review process and are included in the Final Budget columns on the budgetary comparison schedule. There were no supplemental appropriations in the budgeted governmental Funds for the fiscal year ended September 30, 2019.

TOWN OF SURFSIDE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE TOWN'S TOTAL OPEB LIABILITY AND RELATED RATIOS

Measurement Date, September 30,	<u>2018</u>	<u>2017</u>
Total OPEB Liability		
Service cost	\$ 61,313	\$ 65,712
Other recognized changes in net pension liability:		
Difference between actual and expected experience	--	(12,840)
Benefit payments and refunds	(2,826)	(2,591)
Interest	21,442	17,993
Assumption changes	<u>(35,474)</u>	<u>(31,526)</u>
Net Change in Total OPEB Liability	44,455	36,748
Total OPEB Liability - Beginning	<u>552,728</u>	<u>515,980</u>
Total OPEB Liability - Ending	<u>\$ 597,183</u>	<u>\$ 552,728</u>
Covered-Employee Payroll	\$ 6,205,935	\$ 5,893,543
Total OPEB Liability as a Percentage of Covered-Employee Payroll	9.62%	9.38%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

TOWN OF SURFSIDE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE
TOWN'S NET PENSION LIABILITY AND RELATED RATIOS**

Measurement Date, September 30,	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 1,002,537	\$ 1,052,014	\$ 932,365	\$ 901,998	\$ 888,988
Interest	1,745,881	1,646,114	1,458,652	1,336,817	1,227,596
Benefit changes	--	282,066	--	--	35,244
Difference between actual and expected experience	(348,726)	297,252	(35,527)	100,031	170,264
Changes of assumptions	--	93,312	402,653	--	--
Benefit payments, including refunds of member contributions	<u>(819,116)</u>	<u>(651,287)</u>	<u>(602,692)</u>	<u>(665,019)</u>	<u>(545,746)</u>
Net Change in Total Pension Liability	1,580,576	2,719,471	2,155,451	1,673,827	1,776,346
Total Pension Liability - Beginning	<u>23,887,133</u>	<u>21,167,662</u>	<u>19,012,211</u>	<u>17,338,384</u>	<u>15,562,038</u>
Total Pension Liability - Ending (a)	<u>\$ 25,467,709</u>	<u>\$ 23,887,133</u>	<u>\$ 21,167,662</u>	<u>\$ 19,012,211</u>	<u>\$ 17,338,384</u>
Plan Fiduciary Net Position					
Contributions - Town	\$ 917,274	\$ 797,359	\$ 757,304	\$ 727,022	\$ 631,584
Contributions - Members	459,190	462,846	383,619	387,678	349,600
Net Investment income	1,579,816	2,017,750	1,850,415	(128,796)	1,396,431
Benefit payments, including refunds of member contributions	(819,116)	(651,287)	(602,690)	(665,019)	(545,746)
Administrative expense	<u>(120,389)</u>	<u>(85,518)</u>	<u>(130,686)</u>	<u>(85,426)</u>	<u>(80,194)</u>
Net Change in Plan Fiduciary Net Position	2,016,775	2,541,150	2,257,962	235,459	1,751,675
Plan Fiduciary Net Position - Beginning	<u>21,292,601</u>	<u>18,751,451</u>	<u>16,493,489</u>	<u>16,258,030</u>	<u>14,506,355</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 23,309,376</u>	<u>\$ 21,292,601</u>	<u>\$ 18,751,451</u>	<u>\$ 16,493,489</u>	<u>\$ 16,258,030</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,158,333</u>	<u>\$ 2,594,532</u>	<u>\$ 2,416,211</u>	<u>\$ 2,518,722</u>	<u>\$ 1,080,354</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.53%	89.14%	88.59%	86.75%	93.77%
Covered Payroll	\$ 5,849,505	\$ 5,766,823	\$ 5,710,172	\$ 5,321,296	\$ 5,103,795
Net Pension Liability as a Percentage of Covered-Payroll	36.90%	44.99%	42.31%	47.33%	21.17%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

TOWN OF SURFSIDE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF TOWN CONTRIBUTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2010	\$ 553,919	\$ 553,919	\$ --	\$ 4,059,522	13.64%
2011	625,963	625,963	--	4,016,852	15.58%
2012	515,440	515,440	--	4,053,208	12.72%
2013	534,209	534,209	--	4,359,957	12.25%
2014	631,584	631,584	--	5,305,109	11.91%
2015	727,022	727,022	--	5,321,296	13.66%
2016	757,304	757,304	--	5,710,172	13.26%
2017	797,359	797,359	--	5,766,823	13.83%
2018	917,274	917,274	--	5,849,505	15.68%
2019	817,472	817,472	--	6,239,285	13.10%

Notes to the schedule

Valuation date: October 1, 2017

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Significant methods and assumptions used to determine contribution rates for fiscal year ended September 30, 2019:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Asset valuation method	5 year smoothed market
Salary increases	4.0% - 8.0%
Inflation	2.5%
Cost of living adjustments	1.5%
Investment rate of return	7.25%

Mortality rates were based on the RP-2000 Generational Mortality Table, separate rates for healthy males and females, 15 years generational projection from valuation date for actives - 7 years generational projection from valuation date for inactives with Scale AA.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Transportation Surtax Fund – This fund is used to account for the restricted proceeds of the Town's allocable share of the Miami-Dade County Transit System Surtax. The expenditures from this fund are restricted to specific purposes.

Police Forfeiture Fund – This fund is used to account for the restricted proceeds of police forfeitures and confiscations, and expenditures, which are restricted to approved functions and activities.

TOWN OF SURFSIDE, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2019

	Transportation Surtax	Police Forfeiture	Total Nonmajor Governmental Funds
Assets			
Cash	\$ 520,741	\$ 144,925	\$ 665,666
Investments	375,218	13,189	388,407
Receivables	<u>41,027</u>	<u>--</u>	<u>41,027</u>
Total Assets	<u><u>\$ 936,986</u></u>	<u><u>\$ 158,114</u></u>	<u><u>\$ 1,095,100</u></u>
Liabilities			
Accounts payable	\$ 41,159	\$ 718	\$ 41,877
Due to other funds	<u>567,450</u>	<u>51,671</u>	<u>619,121</u>
Total Liabilities	<u>608,609</u>	<u>52,389</u>	<u>660,998</u>
Fund Balances			
Restricted for:			
Transportation surtax	328,377	--	328,377
Police forfeiture	<u>--</u>	<u>105,725</u>	<u>105,725</u>
Total Fund Balances	<u>328,377</u>	<u>105,725</u>	<u>434,102</u>
Total Liabilities and Fund Balances	<u><u>\$ 936,986</u></u>	<u><u>\$ 158,114</u></u>	<u><u>\$ 1,095,100</u></u>

TOWN OF SURFSIDE, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Transportation Surtax	Police Forfeiture	Total Nonmajor Governmental Funds
Revenues			
Intergovernmental	\$ 225,379	\$ --	\$ 225,379
Fines and forfeitures	--	12,640	12,640
Interest earnings	--	328	328
Total Revenues	<u>225,379</u>	<u>12,968</u>	<u>238,347</u>
Expenditures			
Public safety	--	66,770	66,770
Transportation	248,731	--	248,731
Total Expenditures	<u>248,731</u>	<u>66,770</u>	<u>315,501</u>
Deficiency of Revenues Over Expenditures	(23,352)	(53,802)	(77,154)
Other Financing Sources (Uses)			
Transfers in	100,000	--	100,000
Transfers out	(11,563)	--	(11,563)
Total Other Financing Sources (Uses)	<u>88,437</u>	<u>--</u>	<u>88,437</u>
Net Change in Fund Balances	65,085	(53,802)	11,283
Fund Balances - Beginning	<u>263,292</u>	<u>159,527</u>	<u>422,819</u>
Fund Balances - Ending	<u>\$ 328,377</u>	<u>\$ 105,725</u>	<u>\$ 434,102</u>

TOWN OF SURFSIDE, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
TRANSPORTATION SURTAX FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 231,262	\$ 270,229	\$ 225,379	\$ (44,850)
Total Revenues	<u>231,262</u>	<u>270,229</u>	<u>225,379</u>	<u>(44,850)</u>
Expenditures				
Current:				
Transportation	<u>219,699</u>	<u>258,666</u>	<u>248,731</u>	<u>9,935</u>
Total Expenditures	<u>219,699</u>	<u>258,666</u>	<u>248,731</u>	<u>9,935</u>
Excess (Deficiency) of Revenues over Expenditures	<u>11,563</u>	<u>11,563</u>	<u>(23,352)</u>	<u>34,915</u>
Other Financing Sources (Uses)				
Transfers in	--	100,000	100,000	--
Transfers out	<u>(11,563)</u>	<u>(11,563)</u>	<u>(11,563)</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(11,563)</u>	<u>88,437</u>	<u>88,437</u>	<u>--</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ 100,000</u>	<u>\$ 65,085</u>	<u>\$ (34,915)</u>
Appropriated Beginning Fund Balance	<u>\$ --</u>	<u>\$ --</u>		

TOWN OF SURFSIDE, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
POLICE FORFEITURE FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ --	\$ --	\$ 12,640	\$ 12,640
Miscellaneous	--	--	328	328
Total Revenues	<u> --</u>	<u> --</u>	<u> 12,968</u>	<u> 12,968</u>
Expenditures				
Current:				
Public safety	<u> 113,800</u>	<u> 113,800</u>	<u> 66,770</u>	<u> 47,030</u>
Total Expenditures	<u> 113,800</u>	<u> 113,800</u>	<u> 66,770</u>	<u> 47,030</u>
Net Change in Fund Balance	<u>\$ (113,800)</u>	<u>\$ (113,800)</u>	<u>\$ (53,802)</u>	<u>\$ 59,998</u>
Appropriated Beginning Fund Balance	<u>\$ 113,800</u>	<u>\$ 113,800</u>		

STATISTICAL SECTION



Town of Surfside, Florida
Introduction to Statistical Section
(Unaudited)

This part of the Town of Surfside, Florida's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This information is unaudited.

Contents

Exhibits

Financial Trends

These tables contain trend information that may assist the reader in assessing the Town's current financial performance by placing it in historical perspective.

I - XI

Revenue Capacity

These tables contain information that may assist the reader in assessing the viability of the Town's most significant "own-source" revenue source, property taxes.

XII - XVI

Debt Capacity

These tables present information that may assist the reader in analyzing the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future. However, the Town does not have any outstanding general obligation bonded debt.

XVII - XXIV

Demographic and Economic Information

These tables present demographic and economic information intended (1) to assist users in understanding the socioeconomic environment within which the Town operates and (2) to provide information that facilitates comparisons of financial statement information over time and among towns.

XX - XXIII

Operating Information

These tables contain service and infrastructure indicators that can inform one's understanding how the information in the Town's financial statements relates to the services the Town provides and the activities it performs.

XXIV

Data Source:

Unless otherwise noted, the information in these tables is derived from the financial statements/comprehensive annual financial report for the applicable year.

Town of Surfside, Florida
Changes in Net Position - Governmental Activities
Last Ten Fiscal Years
(accrual basis of accounting)

	For the Fiscal Year Ended September 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
General government	\$ 2,404,067	\$ 2,791,917	\$ 3,117,750	\$ 3,555,197	\$ 3,329,275	\$ 3,432,500	\$ 3,295,208	\$ 4,804,921	\$ 5,487,973	\$ 8,165,170
Public safety	3,786,485	4,099,678	4,418,680	4,404,897	5,003,628	5,624,875	5,871,196	6,310,662	5,803,057	6,300,753
Public works	803,147	829,383	980,590	1,034,890	1,266,810	1,516,329	1,487,590	1,519,141	1,842,003	1,740,922
Leisure services	1,086,071	1,139,460	1,691,572	1,767,787	1,688,945	2,350,266	2,534,022	2,011,932	2,115,577	613,854
Transportation	105,682	124,500	138,815	168,417	209,373	271,284	381,891	254,825	319,257	319,666
Interest	-	-	4,754	6,045	5,787	5,475	3,213	1,869	583	3
Total Expenses	8,185,452	8,984,938	10,352,161	10,937,233	11,503,818	13,200,729	13,573,120	14,903,350	15,568,450	17,140,368
Program Revenues:										
Charges for services:										
General government	374,556	459,549	1,274,946	1,395,993	2,205,974	1,003,521	1,233,195	2,115,144	2,594,171	2,407,516
Public safety	-	479,795	626,372	645,803	777,293	940,380	1,140,065	1,546,610	324,226	191,186
Leisure services	144,757	166,570	387,170	404,443	608,316	601,904	639,875	707,641	1,058,077	304,642
Transportation	-	516	-	-	-	-	-	-	-	-
Operating grants and contributions	382,635	401,300	245,305	271,588	523,432	277,331	301,052	290,689	268,780	238,019
Capital grants and contributions	-	1,275	-	350,000	1,395,000	141,217	554,446	170,000	471,250	-
Total Program Revenues	901,948	1,509,005	2,533,793	3,067,827	5,510,015	2,964,353	3,868,633	4,830,084	4,716,504	3,141,363
Net (Expense) Revenue	(7,283,504)	(7,475,933)	(7,818,368)	(7,869,406)	(5,993,803)	(10,236,376)	(9,704,487)	(10,073,266)	(10,851,946)	(13,999,005)
General Revenues:										
Taxes:										
Property taxes	5,323,728	5,619,494	5,264,387	5,257,726	5,660,551	6,526,267	7,276,466	8,167,329	9,626,611	12,966,520
Resort taxes	249,327	435,175	344,063	343,733	677,079	1,154,041	1,226,351	1,374,357	2,054,141	3,901,559
Franchise fees based on gross receipts	414,835	416,277	399,621	394,613	442,572	451,450	424,878	468,525	490,095	521,209
Utility taxes	463,747	470,350	471,994	503,592	553,407	568,462	577,872	630,568	683,659	687,734
Communications services tax	343,440	353,667	325,102	298,019	282,169	268,859	234,542	220,848	233,373	210,758
Unrestricted intergovernmental revenues	905,255	657,120	639,582	638,944	681,956	713,914	717,252	718,484	726,081	750,229
Unrestricted investment earnings (losses)	98,208	37,368	62,782	30,399	-	28,783	26,988	38,709	69,061	183,585
Miscellaneous	56,481	138,283	205,832	241,930	396,138	613,367	571,559	532,619	485,324	454,296
Total General Revenues	7,855,021	8,127,734	7,713,363	7,708,956	8,693,872	10,325,143	11,055,908	12,151,439	14,368,345	19,675,890
Net Transfers In (Out)	208,502	212,172	26,329	402,278	189,770	(19,272)	442,008	326,884	344,250	374,484
Total General Revenues and Net Transfers	8,063,523	8,339,906	7,739,692	8,111,234	8,883,642	10,305,871	11,497,916	12,478,323	14,712,595	20,050,374
Change in Net Position	\$ 780,019	\$ 863,973	\$ (78,676)	\$ 241,828	\$ 2,889,839	\$ 69,495	\$ 1,793,429	\$ 2,405,057	\$ 3,860,649	\$ 6,051,369

Town of Surfside, Florida
Changes in Net Position- Governmental Activities - Percentage of Total
Last Ten Fiscal Years
(accrual basis of accounting)

	For the Fiscal Year Ended September 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
General government	29.4%	31.1%	30.1%	32.5%	28.9%	26.0%	24.3%	32.2%	35.3%	47.6%
Public safety	46.3%	45.6%	42.7%	40.3%	43.5%	42.6%	43.3%	42.3%	37.3%	36.8%
Public works	9.8%	9.2%	9.5%	9.5%	11.0%	11.5%	11.0%	10.2%	11.8%	10.2%
Leisure services	13.3%	12.7%	16.3%	16.2%	14.7%	17.8%	18.7%	13.5%	13.6%	3.6%
Transportation	1.3%	1.4%	1.3%	1.5%	1.9%	2.1%	2.8%	1.7%	2.1%	1.9%
Total Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Program Revenues:										
Charges for services:										
General government	41.5%	30.5%	50.3%	45.5%	40.0%	33.9%	31.9%	43.8%	55.0%	76.6%
Public safety	0.0%	31.8%	24.7%	21.1%	14.1%	31.7%	29.5%	32.0%	6.9%	6.1%
Leisure services	16.0%	11.0%	15.3%	13.2%	11.0%	20.3%	16.5%	14.7%	22.4%	9.7%
Operating grants and contributions	42.4%	26.6%	9.7%	8.9%	9.5%	9.4%	7.8%	6.0%	5.7%	7.6%
Capital grants and contributions	0.0%	0.1%	0.0%	11.4%	25.3%	4.8%	14.3%	3.5%	10.0%	0.0%
Total Program Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
General Revenues:										
Taxes:										
Property taxes	67.8%	69.1%	68.3%	68.2%	65.1%	63.2%	65.8%	67.2%	67.0%	65.9%
Resort taxes	3.2%	5.4%	4.5%	4.5%	7.8%	11.2%	11.1%	11.3%	14.3%	19.8%
Franchise fees based on gross receipts	5.3%	5.1%	5.2%	5.1%	5.1%	4.4%	3.8%	3.9%	3.4%	2.6%
Utility taxes	5.9%	5.8%	6.1%	6.5%	6.4%	5.5%	5.2%	5.2%	4.8%	3.5%
Communications services tax	4.4%	4.4%	4.2%	3.9%	3.2%	2.6%	2.1%	1.8%	1.6%	1.1%
Unrestricted intergovernmental revenues	11.5%	8.1%	8.3%	8.3%	7.8%	6.9%	6.5%	5.9%	5.1%	3.8%
Unrestricted investment earnings (losses)	1.3%	0.5%	0.8%	0.4%	0.0%	0.3%	0.2%	0.3%	0.5%	0.9%
Miscellaneous	0.7%	1.7%	2.7%	3.1%	4.6%	5.9%	5.2%	4.4%	3.4%	2.3%
Total General Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Data Source:

Applicable years' comprehensive annual financial report

Town of Surfside, Florida
Changes in Net Position - Business-type Activities
Last Ten Fiscal Years
(accrual basis of accounting)

Source	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Water and sewer	\$ 1,990,702	\$ 1,818,762	\$ 1,730,300	\$ 1,837,645	\$ 2,936,822	\$ 2,987,800	\$ 3,150,570	\$ 3,459,678	\$ 3,528,213	\$ 3,549,765
Municipal parking	222,108	368,497	622,208	888,502	898,121	954,129	1,095,550	1,056,670	1,027,029	1,175,646
Sanitation	949,505	1,022,897	1,073,281	1,131,680	1,347,714	1,334,381	1,452,813	1,393,630	1,575,168	1,745,422
Stormwater utility	114,086	122,207	130,323	144,999	349,434	471,517	492,599	499,783	519,513	511,775
Total Expenses	3,276,401	3,332,363	3,556,112	4,002,826	5,532,091	5,747,827	6,191,532	6,409,761	6,649,923	6,982,608
Program Revenues:										
Charges for services:										
Water and sewer	2,518,218	2,876,010	2,785,348	2,632,046	2,917,357	3,430,619	3,027,479	3,312,110	4,161,673	3,889,350
Municipal parking	404,293	679,970	893,026	1,056,467	1,028,740	1,047,506	1,086,763	1,131,024	1,181,423	1,397,286
Sanitation	1,244,547	1,231,887	1,219,689	1,238,942	1,217,681	1,381,361	1,705,617	1,852,855	1,821,515	1,865,284
Stormwater utility	247,002	501,655	502,972	499,705	497,300	493,107	507,827	531,309	629,811	691,093
Capital grants and contributions	-	567,710	276,844	1,086,000	-	-	-	-	-	-
Total Program Revenues	4,414,060	5,857,232	5,677,879	6,513,160	5,661,078	6,352,593	6,327,686	6,827,298	7,794,422	7,843,013
Net (Expense) Revenue	1,137,659	2,524,869	2,121,767	2,510,334	128,987	604,766	136,154	417,537	1,144,499	860,405
General Revenues:										
Investment earnings	15,622	15,130	14,790	(13,811)	139	1,406	220	440	786	1,066
Capital contributions	108,947	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	2,361	-	-	-	-	-
Net Transfers	(208,502)	(212,172)	(26,329)	(402,278)	(189,770)	19,272	(442,008)	(326,884)	(344,250)	(374,484)
Total General Revenues	(83,933)	(197,042)	(11,539)	(416,089)	(187,270)	20,678	(441,788)	(326,444)	(343,464)	(373,418)
Change in Net Position	\$ 1,053,726	\$ 2,327,827	\$ 2,110,228	\$ 2,094,245	\$ (58,283)	\$ 625,444	\$ (305,634)	\$ 91,093	\$ 801,035	\$ 486,987

Data Source:

Applicable years' comprehensive annual financial report

Note: Terminology for all years presented has been updated with the implementation of GASB Statement No. 62

Town of Surfside, Florida
Changes in Total Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	For the Fiscal Year Ended September 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental activities	\$ 8,185,452	\$ 8,984,938	\$ 10,352,161	\$ 10,937,233	\$ 11,503,818	\$ 11,467,985	\$ 13,200,729	\$ 14,903,350	\$ 15,568,450	\$ 17,140,368
Business-type activities	3,276,401	3,332,363	3,556,112	4,002,826	5,532,091	5,747,827	6,191,532	6,409,761	6,649,923	6,982,608
Total Expenses	11,461,853	12,317,301	13,908,273	14,940,059	17,035,909	17,215,812	19,392,261	21,313,111	22,218,373	24,122,976
Program Revenues:										
Governmental activities	901,948	1,509,005	2,533,793	3,067,827	5,510,015	2,964,353	3,868,633	4,830,084	4,716,504	3,141,363
Business-type activities	4,414,060	5,857,232	5,677,879	6,513,160	5,661,078	6,352,593	6,327,686	6,827,298	7,794,422	7,843,013
Total Program Revenues	5,316,008	7,366,237	8,211,672	9,580,987	11,171,093	9,316,946	10,196,319	11,657,382	12,510,926	10,984,376
Net (Expense) Revenue	(6,145,845)	(4,951,064)	(5,696,601)	(5,359,072)	(5,864,816)	(7,898,866)	(9,195,942)	(9,655,729)	(9,707,447)	(13,138,600)
General Revenues and Transfers:										
Governmental activities	8,063,523	8,339,906	7,739,692	8,111,234	8,883,642	8,847,809	10,305,871	12,478,323	14,712,595	20,050,374
Business-type activities	(83,933)	(197,042)	(11,539)	(416,089)	(187,270)	(187,270)	20,678	(326,444)	(343,464)	(373,418)
Total General Revenues	7,979,590	8,142,864	7,728,153	7,695,145	8,696,372	8,660,539	10,326,549	12,151,879	14,369,131	19,676,956
Change in Net Position	\$ 1,833,745	\$ 3,191,800	\$ 2,031,552	\$ 2,336,073	\$ 2,831,556	\$ 761,673	\$ 1,130,607	\$ 2,496,150	\$ 4,661,684	\$ 6,538,356

Note: Terminology for all years presented has been updated with the implementation of GASB Statement No. 65

Town of Surfside, Florida
Government-wide Net Position by Category
Last Ten Fiscal Years
(accrual basis of accounting)

	September 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net investment in capital assets	\$ 9,596,672	\$ 14,039,238	\$ 13,528,097	\$ 13,562,457	\$ 14,538,578	\$ 15,652,978	\$ 15,329,431	\$ 15,477,037	\$ 15,092,876	\$ 14,786,057
Restricted	667,360	542,516	416,070	364,115	736,441	893,489	859,426	1,023,176	776,233	2,659,991
Unrestricted	7,981,329	4,527,580	5,086,491	5,345,914	6,887,306	5,147,901	7,298,940	9,392,641	13,789,195	18,263,625
Subtotal Governmental Activities Net Position	18,245,361	19,109,334	19,030,658	19,272,486	22,162,325	21,694,368	23,487,797	25,892,854	29,658,304	35,709,673
Business-type Activities										
Net investment in capital assets	2,037,308	4,102,675	11,239,664	12,832,672	9,873,871	8,615,955	9,113,550	9,694,811	9,767,869	9,783,234
Restricted	1,822,858	1,822,858	1,283,916	1,607,916	1,607,916	2,112,459	590,245	2,137,959	2,112,459	2,112,459
Unrestricted	2,601,149	2,863,609	(1,624,210)	(1,446,973)	1,453,545	2,775,453	3,494,438	1,456,556	2,201,996	2,673,618
Subtotal Business-type Activities Net Position	6,461,315	8,789,142	10,899,370	12,993,615	12,935,332	13,503,867	13,198,233	13,289,326	14,082,324	14,569,311
Primary Government										
Net investment in capital assets	11,633,980	18,141,913	24,767,761	26,395,129	24,412,449	24,268,933	24,442,981	25,171,848	24,860,745	24,569,291
Restricted	2,490,218	2,365,374	1,699,986	1,972,031	2,344,357	3,005,948	1,449,671	3,161,135	2,888,692	4,772,450
Unrestricted	10,582,478	7,391,189	3,462,281	3,898,941	8,340,851	7,923,354	10,793,378	10,849,197	15,991,191	20,937,243
Total Primary Government Net Position	\$ 24,706,676	\$ 27,898,476	\$ 29,930,028	\$ 32,266,101	\$ 35,097,657	\$ 35,198,235	\$ 36,686,030	\$ 39,182,180	\$ 43,740,628	\$ 50,278,984

Note: Terminology for all years presented has been updated with the implementation of GASB Statement No. 6:

Town of Surfside, Florida
General Governmental Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

For the Fiscal Year Ended September 30,										
Revenue Source	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	For the Fiscal Year Ended September 30,									
Taxes	\$ 6,795,077	\$ 7,294,963	\$ 6,805,167	\$ 6,797,683	\$ 7,615,778	\$ 8,969,079	\$ 9,740,109	\$ 10,379,984	\$ 13,087,879	\$ 18,287,780
Intergovernmental	745,540	967,988	830,878	844,891	1,126,412	942,305	947,680	947,223	960,581	975,608
Licenses and permits	374,556	459,549	1,274,946	1,395,993	2,205,974	715,657	939,870	1,826,399	2,282,321	1,170,460
Charges for services	144,757	166,183	207,563	224,177	254,554	287,864	293,325	288,745	311,850	304,642
Fines and forfeitures	190,243	570,227	678,567	711,444	856,269	989,320	1,210,689	1,608,560	358,506	203,826
Developer fees	-	-	-	350,000	1,395,000	76,980	554,446	170,000	471,250	-
Investment earnings	103,576	39,545	58,819	30,399	-	28,783	26,988	38,709	69,061	183,585
Miscellaneous	59,781	138,283	211,636	244,234	399,359	615,872	571,559	532,619	485,324	454,296
Total Revenues	\$ 8,413,530	\$ 9,636,738	\$ 10,067,576	\$ 10,598,821	\$ 13,853,346	\$ 12,625,860	\$ 14,284,666	\$ 15,792,239	\$ 18,026,772	\$ 21,580,197
<i>% change from prior year</i>	-7.8%	14.5%	4.5%	5.3%	30.7%	-8.9%	13.1%	10.6%	14.1%	19.7%
	Percentage of Total									
Taxes	80.8%	75.7%	67.6%	64.1%	55.0%	71.0%	68.2%	65.7%	72.6%	84.7%
Intergovernmental	8.9%	10.0%	8.3%	8.0%	8.1%	7.5%	6.6%	6.0%	5.3%	4.5%
Licenses and permits	4.5%	4.8%	12.7%	13.2%	15.9%	5.7%	6.6%	11.6%	12.7%	5.4%
Charges for services	1.7%	1.7%	2.1%	2.1%	1.8%	2.3%	2.1%	1.8%	1.7%	1.4%
Fines and forfeitures	2.3%	5.9%	6.7%	6.7%	6.2%	7.8%	8.5%	10.2%	2.0%	0.9%
Developer fees	0.0%	0.0%	0.0%	3.3%	10.1%	0.6%	3.9%	1.1%	2.6%	0.0%
Investment earnings	1.2%	0.4%	0.6%	0.3%	0.0%	0.2%	0.2%	0.2%	0.4%	0.9%
Miscellaneous	0.7%	1.4%	2.1%	2.3%	2.9%	4.9%	4.0%	3.4%	2.7%	2.1%
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Data Source:
Applicable years' comprehensive annual financial report

Town of Surfside, Florida
Tax Revenues by Source - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

For The Fiscal Year Ended September 30,	Property	Resort	Utility	Franchise	Communications Services	Total
Amounts						
2010	\$ 5,323,728	\$ 249,327	\$ 463,747	\$ 414,835	\$ 343,440	\$ 6,795,077
2011	5,619,494	435,175	470,350	416,277	353,667	7,294,963
2012	5,264,387	344,063	471,994	399,621	325,102	6,805,167
2013	5,257,726	343,733	503,592	394,613	298,019	6,797,683
2014	5,660,551	677,079	553,407	442,572	282,169	7,615,778
2015	6,526,267	1,154,041	568,462	451,450	268,859	8,969,079
2016	7,276,466	1,226,351	577,872	424,878	234,542	9,740,109
2017	8,167,329	1,374,357	630,568	468,525	220,848	10,861,627
2018	9,626,611	2,054,141	683,659	490,095	233,373	13,087,879
2019	12,966,520	3,901,559	687,734	521,209	210,758	18,287,780
% Change in Dollars Over 10 Years	143.6%	1464.8%	48.3%	25.6%	-38.6%	169.1%
Percentage of Total						
2010	78.3%	3.7%	6.8%	6.1%	5.1%	100.0%
2011	77.0%	6.0%	6.4%	5.7%	4.8%	100.0%
2012	77.4%	5.1%	6.9%	5.9%	4.8%	100.0%
2013	77.3%	5.1%	7.4%	5.8%	4.4%	100.0%
2014	74.3%	8.9%	7.3%	5.8%	3.7%	100.0%
2015	72.8%	12.9%	6.3%	5.0%	3.0%	100.0%
2016	74.7%	12.6%	5.9%	4.4%	2.4%	100.0%
2017	75.2%	12.7%	5.8%	4.3%	2.0%	100.0%
2018	73.6%	15.7%	5.2%	3.7%	1.8%	100.0%
2019	70.9%	21.3%	3.8%	2.9%	1.2%	100.0%

Data Source:

Applicable years' comprehensive annual financial report.

Town of Surfside, Florida
General Governmental Expenditures by Function
Last Ten Fiscal Years
(modified accrual basis of accounting)

Function	For the Fiscal Year Ended September 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Current:										
General government	\$ 2,315,554	\$ 2,303,523	\$ 2,917,765	\$ 3,388,046	\$ 3,072,346	\$ 3,241,326	\$ 3,159,302	\$ 4,606,443	\$ 5,199,112	\$ 7,454,242
Public safety	3,648,766	3,957,265	3,990,274	4,507,840	4,842,491	5,426,587	5,554,141	6,031,230	5,330,264	6,129,348
Public works	695,642	720,888	873,549	925,189	1,000,599	1,190,022	1,113,789	1,100,787	1,407,757	1,269,558
Leisure services	977,449	1,123,446	1,529,608	1,581,992	1,629,392	2,290,753	2,461,884	1,936,655	2,034,275	541,341
Transportation	91,037	106,292	117,044	123,254	142,272	174,620	310,767	183,890	248,321	248,731
Total Current	7,728,448	8,211,414	9,428,240	10,526,321	10,687,100	12,323,308	12,599,883	13,859,005	14,219,729	15,643,220
% Change From Prior Year	-14.5%	6.2%	14.8%	11.6%	1.5%	15.3%	2.2%	10.0%	2.6%	10.0%
Capital Outlay	877,372	5,157,666	650,979	591,077	1,619,235	1,806,345	262,468	800,581	425,644	356,290
% Change From Prior Year	43.5%	487.9%	-87.4%	-9.2%	173.9%	11.6%	-85.5%	205.0%	-46.8%	-16.3%
Debt Service										
Principal	-	-	72,944	123,380	138,236	169,279	100,013	54,638	43,677	1,457
Interest	-	-	4,754	6,045	5,787	5,475	3,213	1,869	583	3
Total Debt Service	-	-	77,698	129,425	144,023	174,754	103,226	56,507	44,260	1,460
% Change From Prior Year	0.0%	0.0%	100.0%	66.6%	11.3%	21.3%	-40.9%	-45.3%	-21.7%	-96.7%
Total Expenditures	\$ 8,605,820	\$ 13,369,080	\$ 10,156,917	\$ 11,246,823	\$ 12,450,358	\$ 14,304,407	\$ 12,965,577	\$ 14,716,093	\$ 14,689,633	\$ 16,000,970
% Change From Prior Year	-10.8%	55.3%	-24.0%	10.7%	10.7%	14.9%	-9.4%	13.5%	-0.2%	8.9%
Debt Service as a % of Noncapital Expenditures	0.00%	0.00%	0.77%	1.16%	1.17%	1.24%	0.80%	0.39%	0.30%	0.01%

Data Source:
Applicable years' comprehensive annual financial report

Town of Surfside, Florida
General Governmental Current Expenditures by Function
Last Ten Fiscal Years
(modified accrual basis of accounting)

For the Fiscal Year Ended September 30,										
Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Current:										
General government	\$ 2,315,554	\$ 2,303,523	\$ 2,917,765	\$ 3,388,046	\$ 3,072,346	\$ 3,241,326	\$ 3,159,302	\$ 4,606,443	\$ 5,199,112	\$ 7,454,242
Public safety	3,648,766	3,957,265	3,990,274	4,507,840	4,842,491	5,426,587	5,554,141	6,031,230	5,330,264	6,129,348
Physical environment	695,642	720,888	873,549	925,189	1,000,599	1,190,022	1,113,789	1,100,787	1,407,757	1,269,558
Leisure services	977,449	1,123,446	1,529,608	1,581,992	1,629,392	2,290,753	2,461,884	1,936,655	2,034,275	541,341
Transportation	91,037	106,292	117,044	123,254	142,272	174,620	310,767	183,890	248,321	248,731
Total Current	\$ 7,728,448	\$ 8,211,414	\$ 9,428,240	\$ 10,526,321	\$ 10,687,100	\$ 12,323,308	\$ 12,599,883	\$ 13,859,005	\$ 14,219,729	\$ 15,643,220
Percentage of Total										
Current:										
General government	30.0%	28.1%	30.9%	32.2%	28.7%	26.3%	25.1%	33.2%	36.6%	47.7%
Public safety	47.2%	48.2%	42.3%	42.8%	45.3%	44.0%	44.1%	43.5%	37.5%	39.2%
Physical environment	9.0%	8.8%	9.3%	8.8%	9.4%	9.7%	8.8%	7.9%	9.9%	8.1%
Leisure services	12.6%	13.7%	16.2%	15.0%	15.2%	18.6%	19.5%	14.0%	14.3%	3.5%
Transportation	1.2%	1.3%	1.2%	1.2%	1.3%	1.4%	2.5%	1.3%	1.7%	1.6%
Total Current	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Data Source:
 Applicable years' comprehensive annual financial report.

Town of Surfside, Florida
Summary of Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Revenues	\$ 8,413,530	\$ 9,636,738	\$ 10,067,576	\$ 10,598,821	\$ 13,853,346	\$ 12,625,860	\$ 14,284,666	\$ 15,792,239	\$ 18,026,772	\$ 21,580,197
Total Expenditures	8,605,820	13,369,080	10,156,917	11,246,823	12,450,358	14,304,407	12,965,577	14,716,093	14,689,633	16,000,970
Excess (Deficiency) of Revenues Over (Under) Expenditures	(192,290)	(3,732,342)	(89,341)	(648,002)	1,402,988	(1,678,547)	1,319,089	1,076,146	3,337,139	5,579,227
Other Financing Sources (Uses)										
Inception of capital leases	-	-	500,074	-	82,559	127,784	-	-	-	-
Transfers in	5,239,461	356,532	394,565	411,560	654,770	1,034,191	661,092	1,488,099	1,698,317	1,836,914
Transfers out	(5,030,959)	(144,360)	(368,236)	(9,282)	(465,000)	(1,053,463)	(219,084)	(1,161,215)	(1,354,067)	(1,462,430)
Total Other Financing Sources (Uses)	208,502	212,172	526,403	402,278	272,329	108,512	442,008	326,884	344,250	374,484
Net Change in Fund Balances	<u>\$ 16,212</u>	<u>\$ (3,520,170)</u>	<u>\$ 437,062</u>	<u>\$ (245,724)</u>	<u>\$ 1,675,317</u>	<u>\$ (1,570,035)</u>	<u>\$ 1,761,097</u>	<u>\$ 1,403,030</u>	<u>\$ 3,681,389</u>	<u>\$ 5,953,711</u>

Data Source:
Applicable years' comprehensive annual financial report

Town of Surfside, Florida
Fund Balances - Governmental Funds
Fiscal Years 2010 - 2019
(modified accrual basis of accounting)

	September 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Assigned to:										
Emergencies and cash flows	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Subsequent years' expenditures	-	95,175	-	-	-	-	-	-	-	-
Nonspendable:										
Prepaid items	107,171	109,532	144,738	152,767	162,118	183,442	198,405	174,461	116,363	1,035
Asset held for resale	188,000	-	-	-	-	-	-	-	-	-
Unassigned	867,867	2,051,608	3,121,636	3,151,275	4,204,273	3,722,284	5,170,003	6,460,802	8,902,050	12,983,070
Total General Fund	3,163,038	4,256,315	5,266,374	5,304,042	6,366,391	5,905,726	7,368,408	8,635,263	11,018,413	14,984,105
General Fund % Change From Prior Year	-56.5%	34.6%	23.7%	0.7%	20.0%	-7.2%	24.8%	17.2%	27.6%	36.0%
All Other Governmental Funds:										
Nonspendable:										
Prepaid items	-	-	-	-	222	2,250	6154	-	5,798	-
Restricted for:										
Tourism	179,035	184,867	171,496	94,497	180,075	339,396	363,407	469,880	353,414	1,640,525
Transportation surtax	416,500	239,760	122,302	131,475	396,740	440,662	354,264	388,363	263,292	328,377
Police forfeiture	71,825	117,889	122,272	138,143	159,626	113,431	141,755	164,933	159,527	105,725
Committed to:										
Capital projects	4,201,479	-	-	-	-	-	-	-	-	-
Assigned to:										
Capital projects	686,878	399,754	132,783	255,263	849,445	182,903	1,151,352	2,319,032	4,916,676	5,612,099
Total All Other Governmental Funds:	5,555,717	942,270	548,853	619,378	1,586,108	1,078,642	2,016,932	3342208	5,698,707	7,686,726
All Other Governmental Funds % Change From Prior Year	339.0%	-100.0%	-41.8%	12.8%	156.1%	-32.0%	87.0%	65.7%	70.5%	34.9%
Total Governmental Funds	\$ 8,718,755	\$ 5,198,585	\$ 5,815,227	\$ 5,923,420	\$ 7,952,499	\$ 6,984,368	\$ 9,385,340	\$ 11,977,471	\$ 16,717,120	\$ 22,670,831
All Governmental Funds % Change From Prior Year	1.8%	-100.0%	11.9%	1.9%	34.3%	-12.2%	34.4%	27.6%	39.6%	35.6%

Notes:

The Town implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions*, in Fiscal Year 2010. The Town did not restate the prior years.

Data Source:

Applicable years' comprehensive annual financial report.

Town of Surfside, Florida
Taxable Assessed Value - Real and Personal Property
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Total Taxable Assessed Value ¹	Total Direct Tax Rate ²	Total Annual Percentage Change
	Amount	Percentage Change	Amount	Percentage Change			
2010	\$ 1,270,680,301	-16.0%	\$ 12,720,930	-31.0%	\$ 1,283,401,231	4.7332	-0.4%
2011	1,050,695,131	-17.3%	12,264,492	-3.6%	1,062,959,623	5.6030	-17.2%
2012	1,005,246,014	-4.3%	12,412,260	1.2%	1,017,658,274	5.5000	-4.3%
2013	1,049,864,041	4.4%	12,350,185	-0.5%	1,062,214,226	5.3000	4.4%
2014	1,130,937,104	7.7%	13,134,146	6.3%	1,144,071,250	5.2000	7.7%
2015	1,314,584,538	16.2%	22,291,469	69.7%	1,336,876,007	5.0293	16.9%
2016	1,476,296,054	12.3%	26,459,166	18.7%	1,502,755,220	5.0293	12.4%
2017	1,660,480,658	12.5%	28,958,680	9.4%	1,689,439,338	5.0144	12.4%
2018	2,124,593,954	28.0%	25,864,538	-10.7%	2,150,458,492	4.8000	27.3%
2019	3,052,583,231	43.7%	33,437,303	29.3%	3,086,020,534	4.5000	43.5%
*	\$ 1,513,596,103		\$ 19,989,317		\$ 1,533,585,420		
**	140.2%		162.9%		140.5%		

* Dollar average for ten years.

** Percentage change in dollars over ten years.

Notes:

¹ All property is assessed at 100% of fair market value.

² Tax rates expressed in rate per \$1,000.

Data Source:

Miami-Dade County Property Appraiser

Town of Surfside, Florida
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed taxable value)

		Overlapping Rates ¹														
Fiscal Year	Tax Roll Year	Miami-Dade County														Total Direct and Overlapping Millage
		Direct Town Operating Millage	Miami-Dade County			School Board			Water Management District	Environmental Project	Special District ²	Children's Trust	Fire and Rescue	Fire Debt		
		Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage									
2010	2009	4.7332	4.8379	0.2850	5.1229	7.6980	0.2970	7.9950	0.5346	0.0894	0.0345	0.5000	2.1851	0.0420	21.2367	
2011	2010	5.6030	5.4275	0.4450	5.8725	7.8640	0.3850	8.2490	0.5346	0.0894	0.0345	0.5000	2.5753	0.0200	23.4783	
2012	2011	5.5000	4.8050	0.2850	5.0900	7.7650	0.2400	8.0050	0.3739	0.0624	0.0345	0.5000	2.4496	0.0131	22.0285	
2013	2012	5.3000	4.7035	0.2850	4.9885	7.7650	0.2330	7.9980	0.3676	0.0613	0.0345	0.5000	2.4496	0.0131	21.7126	
2014	2013	5.2000	4.7035	0.4220	5.1255	7.6440	0.3330	7.9770	0.3523	0.0587	0.0345	0.5000	2.4496	0.0127	21.7103	
2015	2014	5.0293	4.6669	0.4500	5.1169	7.7750	0.1990	7.9740	0.1577	0.0548	0.2062	0.5000	2.4207	0.0114	21.4710	
2016	2015	5.0293	4.6669	0.4500	5.1169	7.4130	0.1990	7.6120	0.1459	0.0506	0.1906	0.5000	2.4207	0.0086	21.0746	
2017	2016	5.0144	4.6669	0.4000	5.0669	7.1380	0.1840	7.3220	0.1359	0.0471	0.1797	0.5000	2.4207	0.0075	20.6942	
2018	2017	4.8000	4.6669	0.4000	5.0669	6.7740	0.2200	6.9940	0.1275	0.0441	0.1704	0.4673	2.4207	0.0075	20.0984	
2019	2018	4.5000	4.6669	0.4644	5.1313	6.5040	0.2290	6.7330	0.1209	0.0417	0.1630	0.4415	2.4207	0.0000	19.5521	

Notes:

¹ Overlapping rates are those of governments that overlap the Town's geographic boundaries.

² Beginning in fiscal year 2014, this classification includes a FIND and the Okeechobee Basin.

Data Source:

Miami-Dade County Property Appraiser

Town of Surfside, Florida
Total Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Total Taxes Collected		Total Uncollected Taxes	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2010	\$ 5,550,925	\$ 5,323,728	95.91%	\$ 227,197	4.09%
2011	6,364,758	5,619,494	88.29%	745,264	11.71%
2012	5,597,121	5,264,387	94.06%	332,734	5.94%
2013	5,348,249	5,257,726	98.31%	90,523	1.69%
2014	5,651,712	5,660,551	100.16%	-	0.00%
2015	6,387,373	6,526,267	102.17%	-	0.00%
2016	7,179,916	7,147,997	99.56%	31,919	0.44%
2017	8,047,948	8,167,329	101.48%	-	0.00%
2018	9,976,601	9,493,840	95.16%	482,761	4.84%
2019	13,887,092	12,966,520	93.37%	920,572	6.63%

Data Source:

Town Finance Department

Town of Surfside, Florida
Principal Real Property Taxpayers
Fiscal Years Ended September 30, 2019 and 2010

2019				2010			
Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Fort Capital Management LLC	\$ 200,928,937	1	6.56%	The Surf Club	\$ 40,373,960	1	3.18%
Beach House Hotel LLC	63,465,281	2	2.07%	9379 Realty Group	13,970,000	2	1.10%
SC Hotel Property LLC	49,712,000	3	1.62%	Beach House	9,000,000	3	0.71%
The Surf Club Apartments Inc.	28,231,500	4	0.92%	Publix Super Markets, Inc.	8,380,000	4	0.66%
Surfside House Ocean Views LLC	25,301,704	5	0.83%	Ohio Savings Bank	5,736,360	5	0.45%
HPD TLD Partners LLC	21,400,000	6	0.70%	Transactaa Lanai Development LTD	5,695,000	6	0.45%
Thompson Dean	21,368,055	7	0.70%	Collins Avenue Investment Group	3,800,000	7	0.30%
9564 Harding Investment LLC	19,600,000	8	0.65%	9501 Collins Avenue, LLC	3,289,000	8	0.26%
SC Club 1031 LLC	19,500,000	9	0.64%	Robert and Rita Swedroe	2,993,148	9	0.24%
Surf Club PH7 LLC	18,750,000	10	0.61%	Yoram and Yleana Izhak	2,614,259	10	0.21%
Total Principal Taxpayers	468,257,477		15.30%	Total Principal Taxpayers	95,851,727		7.54%
All Other Taxpayers	2,592,385,320		84.70%	All Other Taxpayers	1,174,828,574		92.46%
Total	\$ 3,060,642,797		100.00%	Total	\$ 1,270,680,301		100.00%

Data Source:

Miami-Dade County Property Appraiser

Town of Surfside, Florida
Principal Personal Property Taxpayers
Fiscal Years Ended September 30, 2019 and 2010

2019				2010			
Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Four Season Hotel @ The Surf Club	\$ 8,555,334	1	25.52%	Florida Power and Light Company	\$ 5,242,893	1	41.21%
Florida Power and Light Company	7,664,965	2	22.88%	Atlantic Broadband	1,209,127	2	9.51%
Grand Beach Hotel Surfside	4,521,996	3	13.50%	Bell South Telecommunications, Inc.	857,154	3	6.74%
Residence Inn Surfside	4,161,682	4	12.42%	Publix Super Markets, Inc.	814,421	4	6.40%
Atlantic Broadband	3,059,255	5	9.13%	People's Gas System	652,838	5	5.13%
People's Gas System	1,335,227	6	3.99%	The Surf Club	332,063	6	2.61%
Publix Super Markets, Inc.	568,643	7	1.70%	Café Ragazzi	258,972	7	2.04%
Bellsouth Telecommunications LLC	375,685	8	1.12%	CVS	196,807	8	1.55%
Champlain Towers North	373,462	9	1.11%	Modular Space Corporation	148,275	9	1.17%
Flanigan's Seafood Bar & Grill	239,700	10	0.72%	Food Gang Restaurant	147,000	10	1.16%
Total Principal Taxpayers	30,855,949		92.09%	Total Principal Taxpayers	9,859,550		77.51%
All Other Taxpayers	2,649,529		7.91%	All Other Taxpayers	2,861,380		22.49%
Total	<u>\$ 33,505,478</u>		<u>100.00%</u>	Total	<u>\$ 12,720,930</u>		<u>100.00%</u>

Data Source:
 Miami-Dade County Property Appraiser

Town of Surfside, Florida
Ratios of Total Debt Outstanding by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities	Business-type Activities				Grand Total	Population	Total Debt Per Capita
	Capital Leases	Revenue Bonds	Notes Payable	Loans Payable	Capital Leases	Total		
2010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	5,744	\$ -
2011	-	16,000,000	240,000	-	-	16,240,000	5,760	2,819
2012	427,130	11,507,445	160,000	-	-	11,667,445	5,776	2,094
2013	303,749	10,985,348	80,000	7,255,844	-	18,321,192	5,924	3,144
2014	242,734	10,438,608	-	8,821,720	49,778	19,310,106	5,954	3,284
2015	201,239	9,866,062	-	8,591,249	38,123	18,495,434	5,703	3,278
2016	101,266	9,266,490	-	8,172,054	25,957	17,464,501	5,544	3,168
2017	46,588	8,638,620	-	7,744,982	13,210	16,396,812	5,814	2,828
2018	2,911	7,981,115	-	7,309,555	-	15,290,670	5,934	2,577
2019	1,457	7,292,575	-	6,866,618	-	14,159,193	6,015	2,354

Data Sources:

Town's Financial Statements

Notes:

There are no public schools located within the Town.

There is no personal income data for the Town to calculate "debt as a percentage of personal income."

Town of Surfside, Florida
Pledged Revenue Coverage
Last Seven Fiscal Years

Fiscal Year ¹	Revenues ²	Transfer from (to) Rate Stabilization Fund	Less Operating Expenses ³	Net Available Revenues	Principal	Interest	Total	Coverage Ratio	Coverage Required	Excess Coverage
2013	\$ 3,134,620	\$ 81,719	\$ 1,902,646	\$ 1,313,693	\$ 522,097	\$ 620,245	\$ 1,142,342	1.15	1.15	(0.00)
2014	3,414,657	27,418	1,843,026	1,599,049	735,936	654,541	1,390,477	1.15	1.15	0.00
2015	3,923,726	(109,137)	1,603,367	2,211,222	803,017	657,311	1,460,328	1.51	1.15	0.36
2016	3,535,306	410,553	2,109,719	1,836,140	627,870	437,378	1,065,248	1.72	1.15	0.57
2017	3,756,040	-	2,460,424	1,295,616	657,508	407,743	1,065,251	1.22	1.15	0.07

	2018^{4,5}	2019^{4,5}
Primary Debt Service Coverage		
Net Operating Revenues	\$ 2,212,458	1,929,390
Investment Earnings	786	1,066
Net transfer from (to) Rate Stabilization Fund	-	-
Net revenues available for debt service	\$ 2,213,244	\$ 1,930,456
Debt service requirements	\$ 1,065,251	\$ 1,051,707
Actual coverage	2.08	1.84
Required coverage	1.10	1.10
State Revolving Fund Loan Debt Service Coverage		
Pledged revenues available for debt service	\$ 2,212,458	\$ 1,930,456
Less revenue required for primary debt service	(1,065,251)	(1,051,707)
Adjusted net revenues	\$ 1,147,207	\$ 878,749
Debt service requirements	\$ 506,498	\$ 576,175
Actual coverage	2.26	1.53
Required coverage	1.15	1.15

Notes:

- ¹ Bonds first issued in fiscal year 2011.
- ² Includes, water, sewer and stormwater revenues.
- ³ Excludes depreciation expense.
- ⁴ Ratio requirements for the 2011 Utility Bonds are 1.10 and 1.15 for the State Revolving Fund Loan.
- ⁵ The Town changed the format of their pledge revenue coverage in 2016.

Town of Surfside, Florida
Direct and Overlapping Governmental Activities Debt
September 30, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Underlying Debt
Direct Debt			
Capital leases	\$ 1,457	100%	\$ 1,457
Overlapping Debt			
Miami-Dade County ²	\$ 1,837,515,000	1.01%	\$ 18,558,902
Miami-Dade County School Board ³	954,152,000	0.92%	8,778,198
Total Overlapping Debt			\$ 27,337,100
Total Direct and Overlapping Debt			\$ 27,338,557

Notes:

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's and School Board's taxable assessed value that is within the City's boundaries and dividing it by the County's and School Board's total assessed value.

² Miami-Dade County, Finance Department (includes revenue bonds, loans and capital leases), as of September 30, 2019.

³ Miami-Dade County Schools, General Finance Department, as of June 30, 2019.

Data Source:

Each specific government

Town of Surfside, Florida
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population ¹	Per Capita Personal Income ²	Unemployment Rate ³		
			County	State of Florida	United States
2010	5,744	\$ 35,972	12.0%	9.4%	9.5%
2011	5,760	38,870	12.7%	10.2%	9.0%
2012	5,776	39,466	9.7%	9.0%	7.8%
2013	5,924	40,680	8.9%	8.5%	7.2%
2014	5,954	43,124	7.2%	7.8%	5.9%
2015	5,703	43,917	6.2%	5.4%	5.0%
2016	5,544	43,917	5.8%	5.1%	5.0%
2017	5,814	43,584	5.0%	4.8%	4.2%
2018	5,934	52,929	3.6%	3.6%	3.6%
2019	6,015	50,114	2.4%	2.9%	3.5%

Notes:

Information not presented, not readily available.

There are no public schools located within the Town.

Data Sources:

¹ Bureau of Economic and Business Research, University of Florida, April 1 of each year

² U.S. Census Bureau

³ U.S. Department of Labor, Bureau of Labor Statistics

Town of Surfside, Florida
Principal Employers
For the Fiscal Years Ended September 30, 2019 and 2010

		2019	
Employer	Type of Business	Number of Employees	Rank
SC Hotel Property LLC (Four Seasons)	Hotel	325	1
Beach House Hotel D/B/A Grand Beach	Hotel	279	2
Publix Supermarkets, Inc.	Supermarket	112	3
Town of Surfside	Government	109	4
Flanigan's Seafood Bar & Grill	Restaurant	55	5
Residence Inn (Miami Beach Surfside)	Resort	49	6
Solara Surfside Resort	Hotel & Time Share	33	7
Harding Realty	Real Estate Agency	31	8
M. Kotler Realty	Real Estate Agency	30	9
Harbor Pita D/B/A Harbor Grill	Restaurant	29	10
Total Principal Employers		<u><u>1,052</u></u>	
		2010	
Employer	Type of Business	Number of Employees	Rank
Publix Supermarkets, Inc.	Retail	159	1
Surf Club	Resort	132	2
Town of Surfside	Government	118	3
CVS Pharmacy	Retail	19	4
Best Western Hotels	Hotel	35	5
Solara	Apartment Rentals	28	6
Flanigan's	Restaurant	68	7
Wachovia	Bank	7	8
Rolling Pin Bakery	Retail	7	9
Emergency Dental Center	Retail	4	10
Total Principal Employers		<u><u>577</u></u>	

Data Source:

Town records

Town of Surfside, Florida
Full-time Funded Positions by Function/Program
Last Ten Fiscal Years

<u>Function/program</u>	<u>For the Fiscal Year Ended September 30,</u>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Government										
Legislative	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Town Attorney	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	1.00	-
Executive	4.00	2.00	4.00	5.00	5.00	5.00	5.00	6.00	6.75	7.75
Financial Support Services	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	5.00
Town Clerk	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00
Building Services	2.00	3.00	3.00	4.00	4.00	4.00	4.00	5.00	6.00	7.00
Total General Government	18.00	17.00	20.00	22.00	22.00	23.00	23.00	25.00	25.75	27.75
Public Safety										
Public Safety	34.50	33.00	31.75	32.25	33.25	34.25	34.25	36.25	37.25	36.25
Municipal Parking	2.50	3.00	5.00	6.75	6.75	6.75	6.75	6.75	6.75	6.75
Total Public Safety	37.00	36.00	36.75	39.00	40.00	41.00	41.00	43.00	44.00	43.00
Public Works										
Public Works	5.25	6.25	5.25	6.25	6.65	6.65	6.65	6.65	6.65	5.65
Water/Sewer	5.25	5.25	5.75	5.25	4.55	4.55	4.55	4.55	4.55	4.55
Solid Waste	10.25	10.25	10.25	10.25	11.25	10.25	10.25	10.25	10.25	12.25
Stormwater	1.25	1.25	1.25	1.25	1.55	1.55	1.55	1.55	1.55	1.55
Fleet Management	-	-	-	-	-	-	-	-	-	1.00
Total Public Works	22.00	23.00	22.50	23.00	24.00	23.00	23.00	23.00	23.00	25.00
Leisure Services										
Leisure Services	7.00	10.00	10.75	11.32	11.32	11.32	11.32	11.32	11.32	13.25
Tourism	1.00	1.00	1.00	0.68	0.68	0.68	0.68	0.68	0.68	-
Library Services	-	-	-	-	-	-	-	-	-	-
Total Leisure Services	8.00	11.00	11.75	12.00	12.00	12.00	12.00	12.00	12.00	13.25
Total	85.00	87.00	91.00	96.00	98.00	99.00	99.00	103.00	104.75	109.00
Percentage Change From Prior Year	-21.2%	2.4%	4.6%	5.5%	2.1%	1.0%	0.0%	4.0%	1.7%	4.1%

Data Source:

Various Town Departments

Town of Surfside, Florida
Operating Statistics by Function/Program
Last Ten Fiscal Years

Function/program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety:										
Police										
Uniformed employees	27	27	27	27	29	39	39	29	31	31
Non-uniformed employees	7	9	9	12	6	1	2	7	11	11
Dispatched responses	16,545	19,800	23,097	31,337	20,310	22,978	20,798	18,965	21,933	22,326
Traffic citations issued	5,752	5,289	4,814	5,475	4,637	4,659	5,059	3,413	4,688	3,881
Traffic warnings issued	4,333	4,067	5,139	3,867	3,808	3,839	3,620	3,205	3,250	2,659
Parking violations issued	6,060	9,833	11,884	19,607	13,963	14,204	13,861	10,658	8,858	9,281
Building permits:										
Permits issued	923	1,073	931	1,072	1,037	1,618	1,595	1,448	1,428	1,559
Estimated values (in millions)	\$161	\$848	\$ 364	\$718	\$695	\$2,592	\$ 5,884	\$7,530	\$6,276	\$6,302
Utility:										
Municipal water system										
Active water accounts	1551	1,551	1,647	1,680	1,687	1,687	1,648	1,658	1,690	1,366
Meter sales (in million gallons)	307,723	328,519	276,650	263,127	290,321	315,644	331,969	398,015	401,957	589,006
Municipal sewer system										
Active accounts/units	4,061	4,061	4,061	4,061	4,061	4,061	4,061	4,061	1,690	1,332
Solid waste services										
Active accounts	1,349	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,321	1,578
General government:										
Tax rates										
Utility services:										
Electric	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Communication service	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%
Gas	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Franchises:										
Electric	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%
Gas	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Cable television	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Surfside Bus Service										
Total number of passengers	18,813	21,543	12,947	21,514	24,083	28,868	33,029	28,918	29,705	25,463
Average number of passengers per month	1,568	1,795	1,079	1,792	2,006	2,406	2,752	2,410	2,475	2,122
Total number of miles driven	29,260	32,401	30,775	34,805	34,906	24,742	19,465	28,427	24,789	24,253
Average number of miles driven per month	2,438	2,700	2,565	2,900	2,909	2,061	1,622	2,369	2,066	2,021
Culture and recreation:										
Participation:										
Youth programs	658	960	1,005	1,043	2,825	5,280	1,427	1,325	1,600	1,743
Adult programs	463	555	781	1,232	1,349	1,521	1,526	1,481	1,361	2,221
Special events	3,340	4,280	4,630	5,727	7,734	7,840	4,570	5,319	5,421	6,382
Community Center	-	17,517	29,028	24,830	22,826	24,705	22,365	21,229	20,065	24,169

Notes:

Data not available for items not presented.

Data Source

Various Town Departments

Town of Surfside, Florida
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Area:										
Land excluding airport (sq. miles)	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Water	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Infrastructure:										
Paved streets	10	10	10	25	25	25	25	25	25	25
Sidewalks	1 mile	1 mile	1 mile	6 mile	6 mile	6 mile	6 mile	6 mile	6 mile	6 mile
Canals & waterways	-	-	-	-	-	-	-	-	-	-
Storm Drainage (catch basins)	388	388	388	388	388	388	388	388	388	388
Town owned street lights	37	37	37	37	37	37	37	37	37	37
FP&L owned street lights	293	293	293	293	293	293	293	293	293	293
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Recreation:										
Public Beach (miles)	1	1	1	1	1	1	1	1	1	1
Municipal Parks	3	3	3	3	3	3	3	3	3	3
Municipal Swimming Pool	-	-	-	2	1	1	1	1	1	1
Recreation Acres (without-with Beach)	53-90	53-90	53-90	53-90	53-90	53-90	53-90	53-90	53-90	53-90
Community Center	-	1	1	1	1	1	1	1	1	1
Tennis Courts	-	-	-	-	-	1	1	1	1	1
Municipal Water/Sewer System:										
Water mains (miles)	15.7	15.7	15.7	25	25	25	25	25	25	25
Reuse water mains (miles)	-	-	-	-	-	-	-	0	0	0
Fire hydrants	84	84	84	84	84	84	84	84	84	84
Fire hydrants (reuse water)	-	-	-	-	-	-	-	0	0	0
Gravity Sewer (miles)	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25
Wastewater force main (miles)	0.3	0.3	0.3	1	1	1	1	1	1	1
Wastewater lift stations	2	2	2	2	2	2	2	2	2	2
Municipal Parking:										
Parking lots	6	6	6	7	7	8	8	8	8	8
Pay Station Parking Spaces	572	572	572	572	572	629	629	640	640	635
Metered Pay Stations	0	0	0	0	0	29	29	37	37	37
Single Space Meters	0	0	0	0	0	50	50	50	50	12

Data Source

Various Town Departments

REPORTING SECTION



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor, Town Commission and Town Manager
Town of Surfside, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Surfside, Florida (the Town) as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item SD 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Miami, FL
June 29, 2020

TOWN OF SURFSIDE, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

SIGNIFICANT DEFICIENCY:

SD 2019-001- BANK RECONCILIATIONS

Criteria

During our review of the internal control processes over Financial Reporting and Closing it was noted that that bank reconciliation for the Town's operating bank account was not being prepared or reviewed in a timely manner. Marcum noted that the bank reconciliation for the operating bank account for the months of January through September 2019 were not completed in accordance with the Town's policy of no later than 30 days.

Condition, Cause, and Effect

The Town, due to lack of enforcement of the Town's internal control policy over the preparation and review of bank reconciliations, was out of compliance with its policy for bank reconciliations. Potential effect of this condition could result in failure to timely detect loss or misuse of funds.

Recommendation

In order to ensure that assets are safeguarded from loss or misuse, it is important that bank reconciliations should be prepared and reviewed in a timely manner in accordance with the Town's established policy.

Views of Responsible Officials and Planned Corrective Actions

Management agrees with the recommendations. These delays were primarily due to the implementations of a new town-wide ERP system; which affected various modules of operation (i.e. G/L, AP, Utility Billing, etc.). This was a complex and lengthy undertaking, especially for a small town. Going forward bank reconciliations will be completed no later than 30 days following the end of each month.

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE
AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Honorable Mayor, Town Commission and Town Manager
Town of Surfside, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Surfside, Florida (the Town), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 29, 2020.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; a schedule of findings and responses; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards, AT-C 315*, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 29, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Finding 2018-001 was addressed and not repeated in FY 2019.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town was established by the Town's charter, which was adopted under the provisions of Chapter 279.14 Laws of Florida in 1951. There are no component units related to the Town.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. This assessment was done as of the fiscal year end.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal, State and other granting agencies, the Honorable Mayor, Town Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

Miami, FL
June 29, 2020

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO
SECTION 218.415 FLORIDA STATUTES**

To the Honorable Mayor, Town Commission and Town Manager
Town of Surfside, Florida

We have examined the Town of Surfside's (the Town) compliance with Section 218.415 Florida Statutes, Local Government Investment Policies, for the fiscal year ended September 30, 2019. Management of the Town is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with Section 218.415 Florida Statutes for the fiscal year ended September 30, 2019.

This report is intended to describe our testing of compliance with Section 218.415 Florida Statutes and it is not suitable for any other purpose.

Marcum LLP

Miami, FL
June 29, 2020



TOWN OF SURFSIDE, FLORIDA

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